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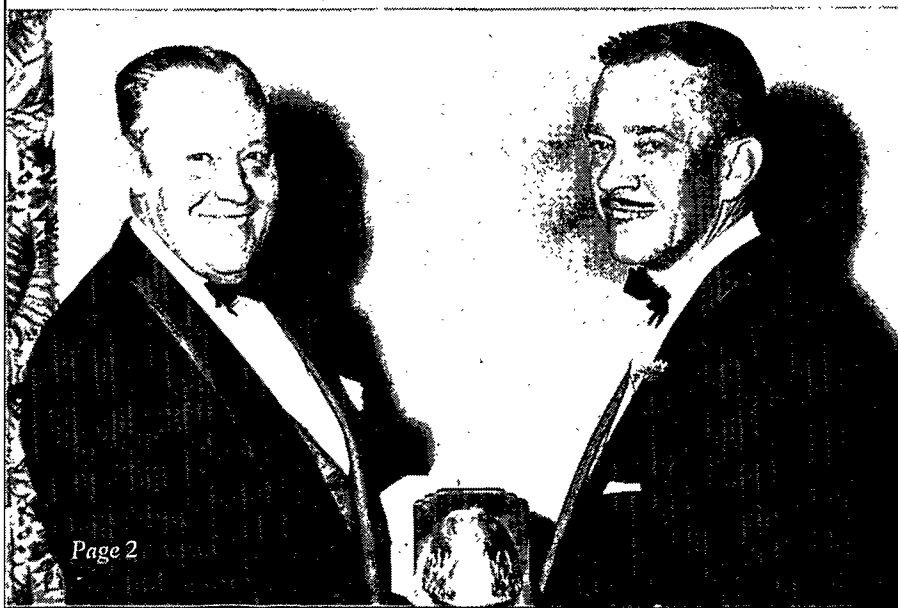
# 1954

## A NEW PEAK FOR GENERAL AMERICAN LIFE

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# The 1954 Annual Report of the President



On the inside front cover of this report are briefed some of the results of the operation of your company during 1954. Together they indicate that 1954 was a most successful year for your Company. When these results are set opposite the comparable figures of ten years ago, we gain perspective in appraising the degree of real progress achieved. It becomes clear that the year's totals are impressive beyond their mere size; they are significant primarily because they reflect a strong trend of growth, of expanding public acceptance, and of increased service.

From a sales standpoint, 1954 was the greatest year in life insurance history. This was especially true with your Company. Ordinary life sales totaling \$67,017,700 were 11.89% ahead of record-breaking 1953. The industry-wide increase was 7%.

Substantial increases in all lines of Group insurance were recorded, and Personal Accident and Sickness sales continued to show a steady and uninterrupted rise.

At the year-end, total life insurance in force amounted to \$1,824,127,950, an increase in 1954 of \$267,859,568, the largest growth recorded in a single year in our history. In this connection, it should be pointed out that this includes \$150,473,400 representing the company's participation in the Congressionally authorized new group life insurance program for Federal employees. Total premium income from all lines of business was \$43,159,002 for the year, an increase of \$3,901,870 over 1953, and more than double the 1944 figure.

The Company's 1953 annual report won the "Oscar of Industry" award of the Financial World as the best life insurance annual report in the nation. Shown here receiving the "Oscar" is Powell B. McHaney, President (left). Congratulating him is Weston Smith, Executive Vice-President of the Financial World.

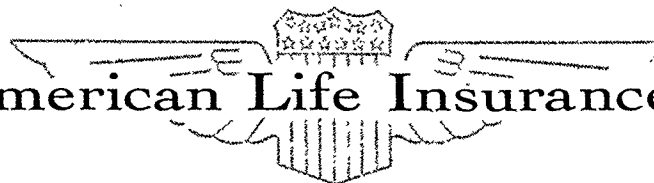
GENERAL AMERICAN  
LIFE INSURANCE CO.

A  
Ten Year  
Record of  
Continuous Growth

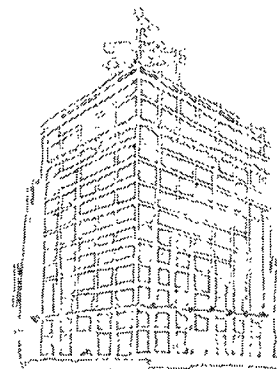
1944

1954 Annual Report

General American Life Insurance Company



SAINT LOUIS



# Progress Report in Brief

## 1944-1954 OPERATIONS

December 31, 1954	% Increase Over 1944
Insurance in Force \$1,824,127,950 . . . . .	An increase of \$1,075,857,239 . . . . . 143.8%
Total Assets \$ 213,890,508 . . . . .	An increase of \$ 73,998,284 . . . . . 52.9%
Annual Premium Income \$ 43,159,002 . . . . .	An increase of \$ 25,392,045 . . . . . 142.9%
New Ordinary Insurance Sales \$ 67,017,700 . . . . .	An increase of \$ 49,997,400 . . . . . 293.8%
Annual Group Premiums \$ 29,527,041 . . . . .	An increase of \$ 21,746,939 . . . . . 279.5%
New Group Life Sales \$ 248,969,572 . . . . .	An increase of \$ 242,679,472 . . . . . 3,858.1% *
New Personal Accident and Sickness Premiums \$ 131,615 . . . . .	An increase of \$ 89,058 . . . . . 209.3%
Dividends and Experience Rating Credit Premium Refunds to Policyholders \$ 5,513,456 . . . . .	An increase of \$ 4,119,520 . . . . . 295.5%
Surplus \$ 8,698,100 . . . . .	An increase of \$ 6,886,965 . . . . . 380.3%

\*Includes \$150,473,400 of Group Life Insurance representing the Company's participation in the Congressionally authorized Group Life Insurance program of Federal employees.

An increase of \$10,049,617 brought total assets to \$213,890,508 which is about \$74,000,000 more than they totaled ten years before.

Today, the number of our policies and certificates outstanding in the hands of the American people is 1,643,216. Ten years ago, the figure was 635,601. In terms of numbers, an entire city the size of St. Louis (excluding suburbs) has been added to our protective rolls.

As a result of intensive effort to bring new promising manpower into our increasingly effective sales organization, and to expand our services into additional active marketing areas, 10 new general agencies were established during 1954. New agencies opened up in such cities as Atlanta, Georgia; San Francisco, California; Miami, Florida; to mention but a few. For the first time, an active general agency was brought into being in Honolulu, Hawaii. In the four months of 1954 that the Kamaaina Agencies of Honolulu were in operation, over \$1,000,000 of quality life insurance resulted.

1954 was memorable for another reason to the salaried associates of the Company. On July 1, 1954, a retirement plan was introduced as a Lifetime Security Program for those who devote their careers to the service of General American Life. Adequate reserves have been set up to cover all of the liability incurred to date under the program.

There was but one unhappy shadow that crossed the otherwise bright page of 1954. On May 3, 1954, Walter W. Head, the revered and able founder of the Company, passed away. In recognition of the

immeasurable contribution which he made to this Company and to unnumbered other causes, we published a memorial booklet as a lasting tribute to his memory. I cannot refrain from repeating here the concluding paragraphs of that booklet:

*"His own personal central theme was service — service to his God, his fellowman, his community, his country. He strove to imbed it as a credo into the hearts and minds of those with whom he was associated. He practiced it in business and in his personal life. The satisfaction of doing something for others was his greatest reward for labor. And so he labored for the good of millions of boys through the Boy Scouts of America, for the benefit of millions of young men through the YMCA, for the inhabitants of every community in which he lived through the countless civic activities which he embraced and never neglected, through the leadership which he gave to the General American Life Insurance Company in restoring and creating protection for hundreds of thousands of policyholders.*

*"Let this be posterity's portrait of Walter William Head — a man whose life was a symphony of service."*

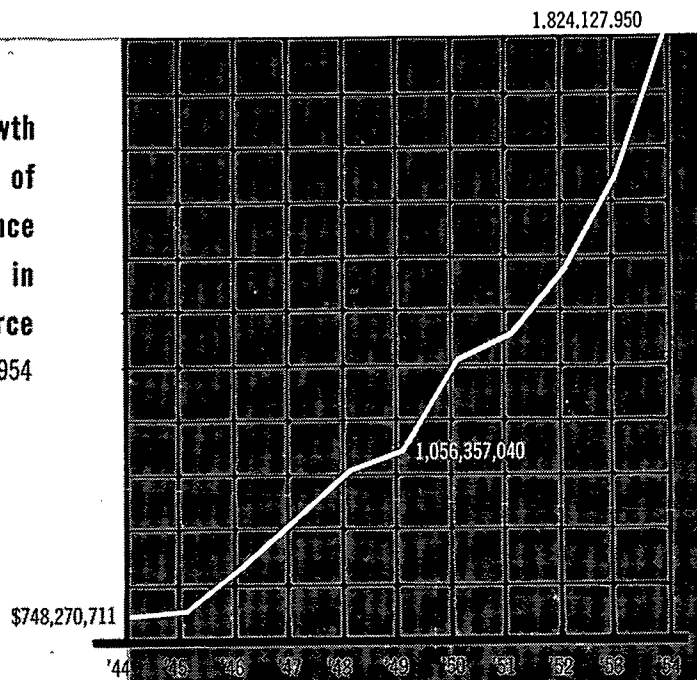
To this same theme of service this Company continues to be dedicated. To our policyholders, our Board of Directors, our officers, our associates in the field and in the Home Office, all of whom helped to achieve the rapid pace of progress that marked the past year, I express my very deep appreciation.

*Powell B. McHaughey*

PRESIDENT

# Protection

Growth  
of  
Insurance  
in  
Force  
1944—1954

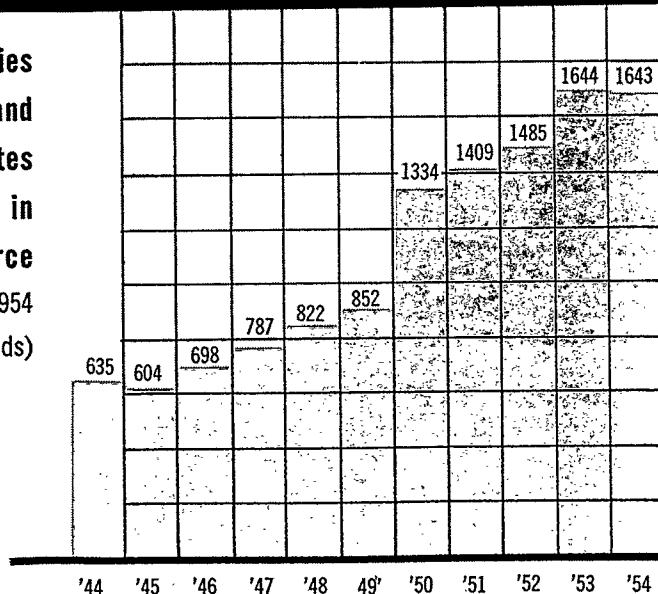


Your Company has more than doubled in size during the past ten years in terms of the dollar volume of life insurance in force. Over \$1,000,000,000 of life insurance protection has been added. From \$748,270,711 in force as of December 31, 1944, the figure has increased to \$1,824,127,950 as of December 31, 1954.

In 1954 alone life insurance in force increased by \$267,859,568. Included in this figure is our share of the new congressionally authorized group life insurance program on United States Government employees amounting to \$150,473,400. In the past ten years, the number of life insurance policies and certificates increased by 93% compared to the industry-wide growth of 55%.

The Company also more than doubled in size during the past decade in terms of service to people. From 635,601 policies and certificates of all kinds outstanding in 1944 (equivalent in population to a city the size of Milwaukee, Wisconsin), the number of policies and certificates grew to 1,643,216 as of December 31, 1954, roughly equivalent to adding to our books an entire city the size of St. Louis, Missouri.

Policies  
and  
Certificates  
in  
Force  
1944—1954  
(In thousands)



## Individual Life Insurance

Again in 1954 ordinary life sales of the Company increased substantially. Ordinary insurance in this sense means life insurance issued in amounts of \$1,000 or more on the lives of separate individuals with premiums payable on an annual, semi-annual, quarterly or monthly basis. Most of the life insurance bought in the United States is ordinary insurance. Existing policyholders may ask, "Why is it important to us that the company continue to sell large amounts of life insurance?" New life insurance is the lifeblood of the business. It helps to keep the Company in a healthy condition. The constant admission of new lives helps to maintain mortality experience at a favorable level, thus making more certain that the actuarially computed "averages" will apply to actual experience. It permits greater efficiency of operation by making it possible for the necessary costs of doing business to be spread over a larger volume of business.

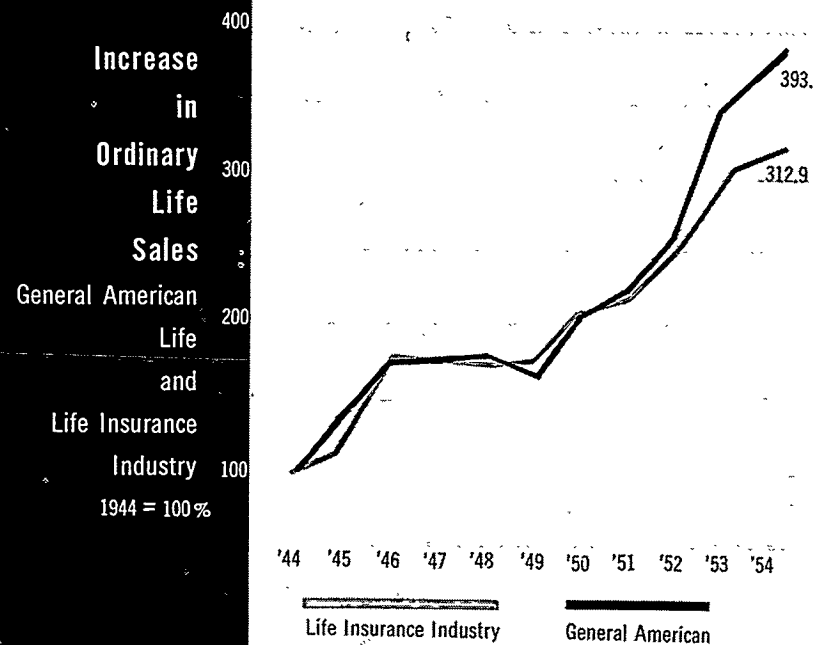
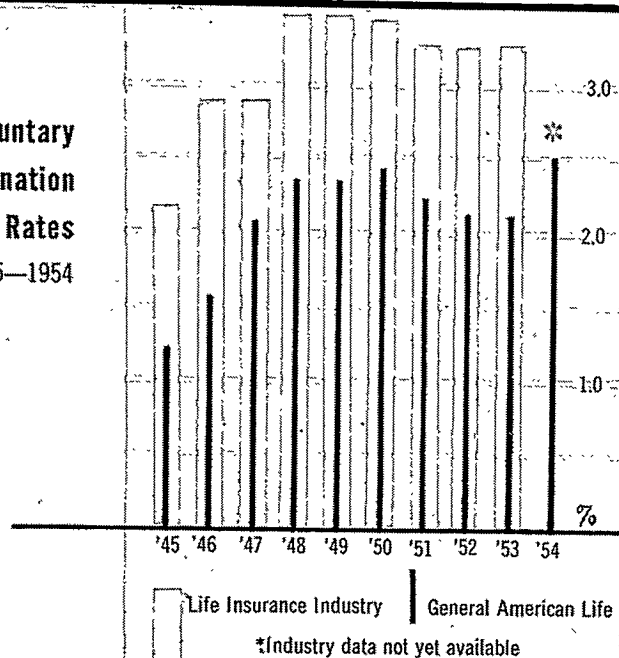
Ordinary life sales of \$67,000,000 in 1954 were almost four times the volume of sales of ten years ago. They exceeded 1953 sales by 11.89%, compared to an industry-wide increase of 7%.

## Quality Factors

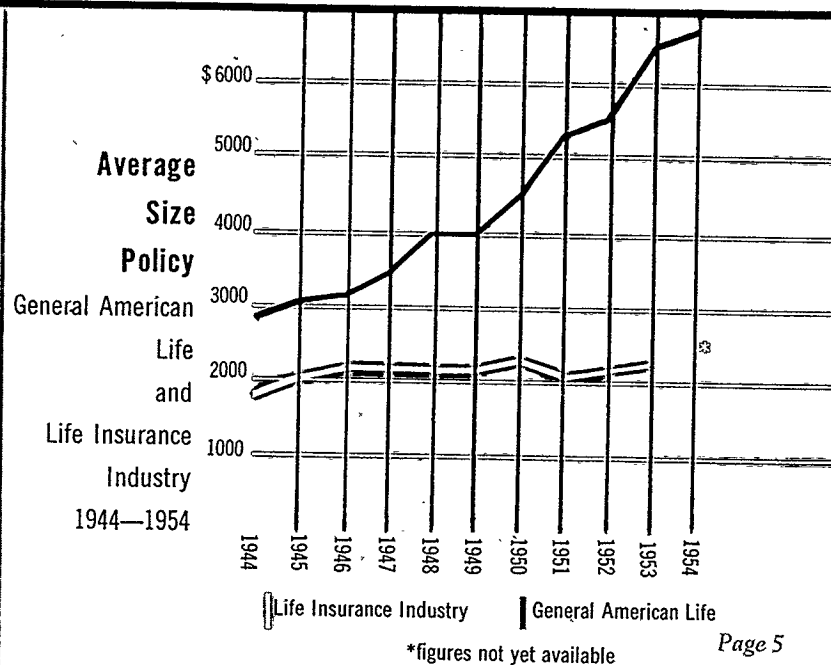
If the full benefits of the addition of new life insurance are to be realized, not only is it important that the quantity of sales be large, it is equally important that the quality of sales be favorable. There are a number of factors for measuring the quality of new business issued. One of the most widely accepted criteria is the rate of persistency with which the business renews from year to year. Insurance which the policyholder terminates in the early years is costly both to him and to the company. When policies terminate in their early years, it is oftentimes a reflection of the fact that the policyholder was not truly sold on the benefits which the insurance provided or that in his enthusiasm the buyer purchased insurance protection which he either did not need or which was beyond his means. Our excellent persistency rate attests the ability of our field associates as well as the quality of our increased production.

Another important factor of quality measurement is the average size of policy sold. Each year for the past ten has seen an increase in our average size policy (juvenile and adult combined) from \$2,782 in 1944 to \$6,664 in 1954. This increase in the average size of the policy sold not only gives the policyholder the protection he needs, but it also lowers costs since many of the costs of operation are on a per-policy basis.

### Voluntary Termination Rates 1945-1954



All Life Insurance Industry statistics shown in this report are taken from publications of the Institute of Life Insurance.

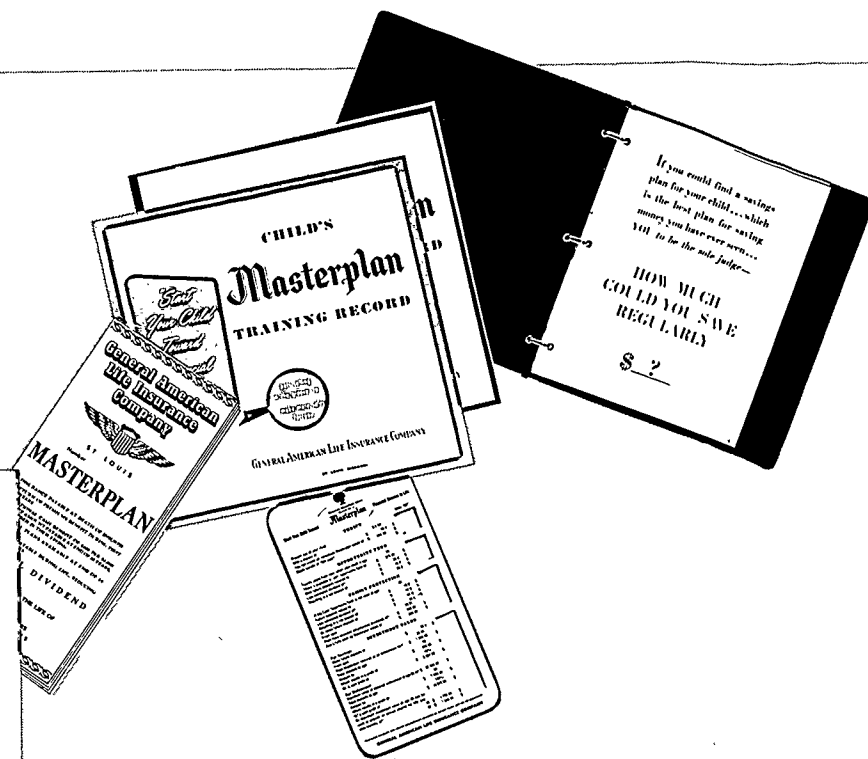




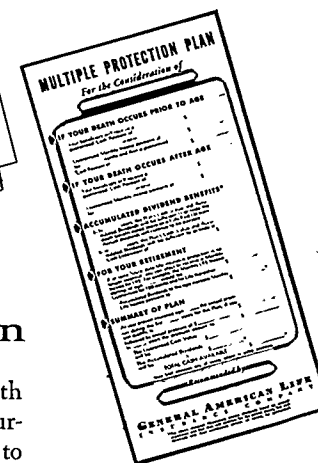
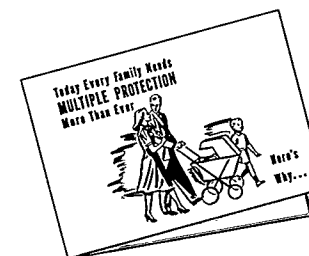
# Our product

General American Life has a complete line of life and accident and sickness coverages—37 to be exact. These coverages are designed to assist the individual, the family, and the business corporation to meet all possible needs.

Included among the wide variety and comprehensive types of insurance and annuities available from the Company are a number of special attractive package plans which have been developed to reach specific markets.

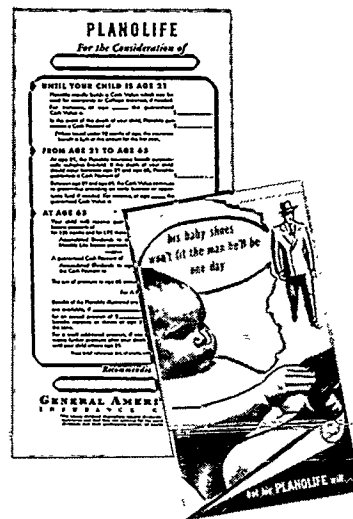


Newest star of the Company's program of comprehensive coverages. An exclusive combination insurance, savings and investment plan designed to serve the different needs of life as they arise. Accounted for 19% of the policies sold in '54.



## Multiple Protection

Low-cost insurance protection for life with increased amounts payable if death occurs during 10 or 20 years or up to age 65. Designed to provide the greatest protection for the stage of life when family dependency is greatest. Premiums are less than the combined premiums for comparable Ordinary Life and Term insurance.



## Planolife

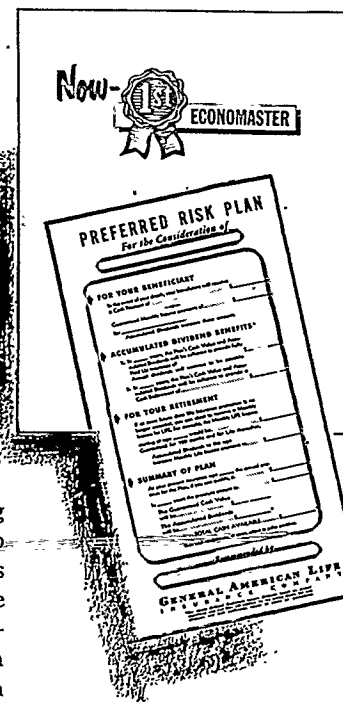
For children 0-14 years of age. Popular savings and protection plan for the complete span of life. \$1,000 of insurance jumps to \$5,000 at age 21 with no increase in premium, matures as guaranteed life income at 65.

## Extra-Risk Insurance

From the beginning, your Company has issued insurance on so-called sub-standard risks by charging extra premium rates commensurate with the additional risks involved due to impaired health or hazardous occupations. After study of experience over a long period of years, last year we were able to make a reduction in the extra premium for sub-standard insurance. Insurance of this type is issued on lives rated as high as 500% of standard expected mortality.

## Economaster

First introduced 17 years ago (long before price competition became so broadly advertised), Economaster has consistently and quietly been among the lowest net cost preferred risk life insurance contracts in the nation. Issued with selective underwriting in minimum amounts of \$10,000.



**Group  
Life  
Insurance**

1945	\$419,429,927
1946	\$488,248,318
1947	\$544,834,626
1948	\$626,262,881
1949	\$658,605,762
1950	\$800,205,680
1951	\$830,900,164
1952	\$926,001,659
1953	\$1,063,790,830
1954	\$1,294,913,850

**Group**  
**Premium**  
**Volume**

Year	Value
1945	\$8,280,295
1946	\$9,192,956
1947	\$10,629,840
1948	\$12,463,966
1949	\$13,519,373
1950	\$16,332,693
1951	\$19,620,392
1952	\$21,632,218
1953	\$26,203,719
1954	\$29,527,041

# Credits and Dividends on Group Coverages

Year	Number of U.S. Troops
1945	1,139,661
1946	1,678,273
1947	1,924,386
1948	2,588,617
1949	3,093,728
1950	3,087,719
1951	2,960,158
1952	3,732,055
1953	3,958,475
1954	4,357,463

# Protection through

During each of the last ten years all lines of Group insurance written by the Company have increased progressively. An especially large increase of \$231,123,020 in Group life insurance was recorded in 1954.

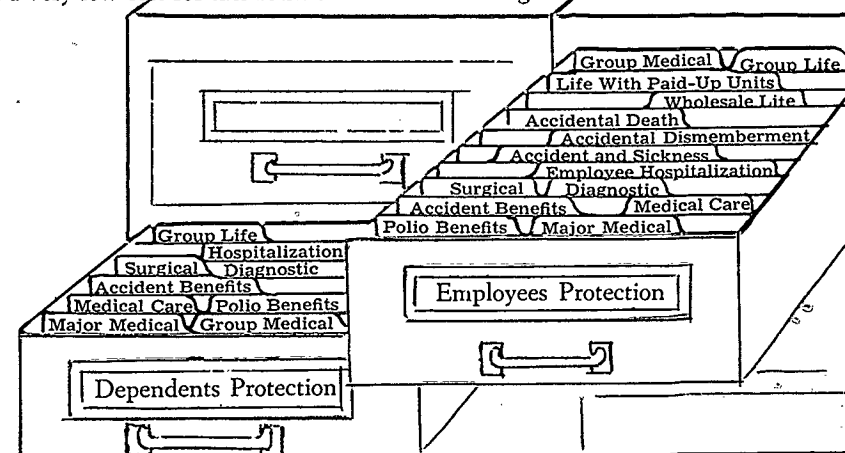
Group earned premiums in 1954 amounted to \$29,527,041—an increase of \$3,323,000 over 1953 and almost four times the figure of ten years ago. For many years General American Life has been a pioneer in this relatively new field of coverage which enjoys an ever-increasing popularity among both employers and workers. General American Life ranks tenth in size among United States companies writing employer-employee forms of group coverage.

Almost every variety of business is represented among the 3300 master group contract holders who utilize General American Life facilities for the protection of their working staff. They represent a cross-section of the American industrial scene. Some of their corporate trademarks are on the opposite page.

The group insurance facilities of the Company include a complete program of 26 different types of group insurance. They include Group life insurance for small groups, Group life insurance with paid-up units, Group accident and sickness, and Group accidental death and dismemberment insurance to protect the workers against the non-occupational hazards of accident or illness. An extremely popular form of protection is Group hospital expense and its allied coverages providing surgical benefits, diagnostic examinations, and medical care expense benefits for both employees and their dependents.

Several years ago Poliomyelitis coverage was introduced. Creditors group life insurance is made available to banks, financial companies, commercial organizations and credit unions.

Like all of its business, group insurance is written by General American on a mutual or dividend basis. Every year the financial experience of each case is considered and an equitable formula is applied. This results in a very low cost for this form of insurance coverage.



# Group Insurance



COOK PAINT & VARNISH COMPANY



## Alligator

HOUSTON OIL COMPANY OF TEXAS



## Famous-Barr Co.



ANHEUSER-BUSCH, INC.



*Coca-Cola*  
of St. Louis



WARREN PETROLEUM CORPORATION



ARKANSAS POWER & LIGHT COMPANY



Bank Building Corporation  
OF AMERICA



SCULLIN STEEL CO.

Brown Shoe Company U. F. Hall Printing Company

UNION ELECTRIC COMPANY OF MISSOURI

STUPP BROS. BRIDGE & IRON COMPANY



McDONNELL Aircraft Corporation



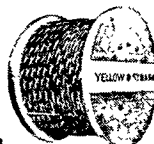
HARDING-WILLIAMS



## Rawlings

CAMPBELL-EWALD COMPANY

BANK OF ST. LOUIS



*Boyle's*



SCOTT, FORESMAN AND COMPANY

UNIVERSAL MATCH CORPORATION

Palitzer Publishing Company

TENSION ENVELOPE CORPORATION



Commerce Trust Company



## DAZEY



AMERICAN INVESTMENT COMPANY

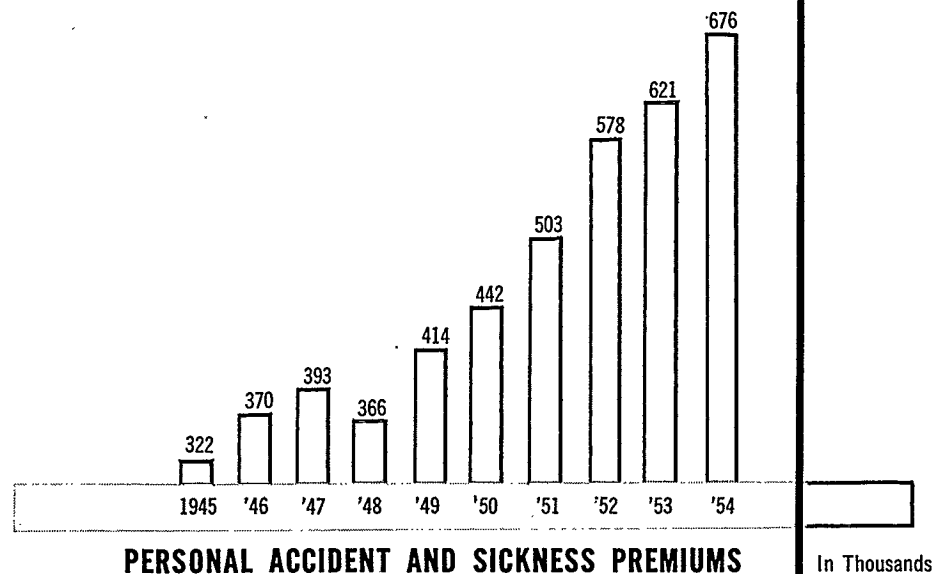


PITTSBURGH STEEL COMPANY

EL PASO NATIONAL BANK



# Personal accident and sickness insurance



The hazards of life are not alone those associated with dying too soon or living too long. There is the ever-present hazard of disability through either accident or sickness, and the consequent interruption of earned income. From the beginning, General American Life has recognized the interrelationship between protection against the hazards of accident and illness and the protection against the hazards of death and old age. It offers comprehensive and flexible coverages against accident and sickness and hospitalization for the individual and for the family. The steady growth of this branch of our business reflects the soundness of this concept.

In 1954, premium income from Personal Accident, Sickness and Hospital expense insurance showed an increase of 8.9% over 1953, and of 136% over the comparable figure ten years ago.

Your Company was one of the first companies to extend the mutual principle to Personal Accident and Sickness insurance. Each year since 1949 a 5% annual dividend has been paid on all policies over three years old. Our policyholders thus profit through the receipt of mutual dividends and yet pay comparable premiums to those charged on a non-mutual or non-participating basis.

Constant studies are under way to make our coverages as liberal and as comprehensive as possible and to keep them adjusted to the day-to-day requirements of the American people.

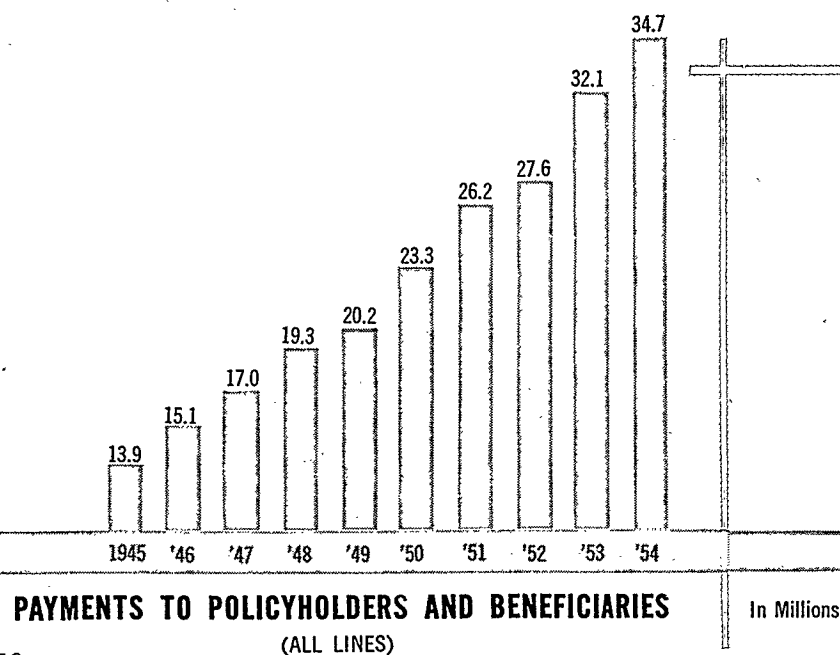
## Benefit Payments

In 1954 General American Life paid out 64.2% of its total income to policyholders and beneficiaries in various forms of policy benefits, amounting to \$34,711,697.51. This is an increase of \$2,648,494 over the amount paid out in 1953, and is 2.4 times as much as was paid out ten years ago.

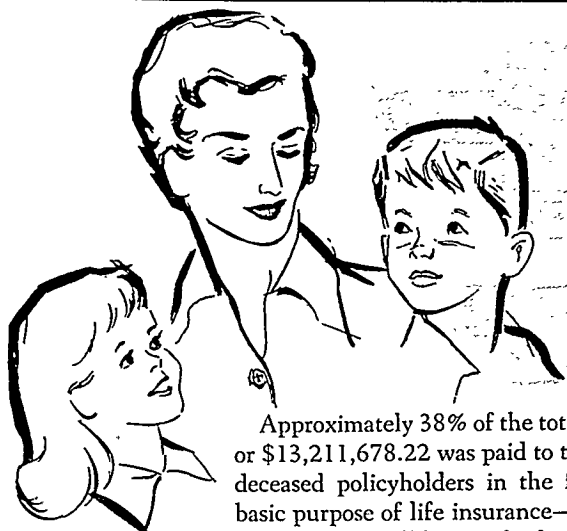
Partly as a result of its large Group insurance account, partly because of its corporate policies, your Company consistently pays out as large or larger a percentage of its total income than any other company in the United States its size or larger. Of the \$34,711,697.51 paid in 1954, \$21,500,019.29 was disbursed directly to those who had purchased the insurance. It is often difficult for the human mind to comprehend the impact of such a huge sum on the personal lives of those who received it.

One small example may be found in the statement of Mrs. Adeline M. Gough, who wrote: "It has been a pleasure to have been one of your policyholders since 1920. I bought my first policy when I began working just after graduating. It was my first investment and the wisest one I ever made. I wish that I might help every young person to see the wisdom of such a sound investment."

Gratefully yours,"  
Mrs. Adeline M. Gough  
Pontiac, Michigan



# Benefit Payments



Approximately 38% of the total 1954 payments, or \$13,211,678.22 was paid to the beneficiaries of deceased policyholders in the fulfillment of the basic purpose of life insurance—to provide for the security and well-being of others. This great sum went to wives, children, relatives, estates, business organizations.



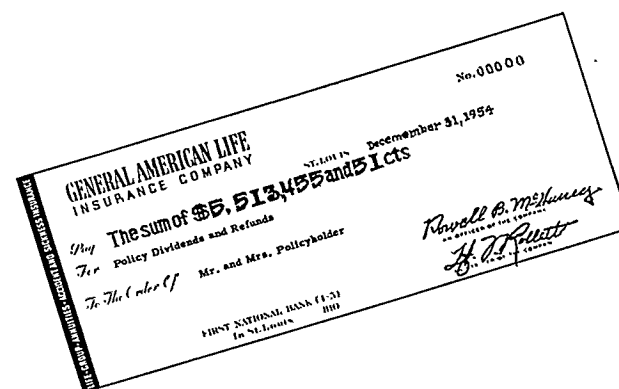
\$13,331,353.36 was paid to living policyholders in the form of cash payments and waiver of premiums because they had suffered disabling accidents or illnesses. These were funds they used to pay their medical bills, their hospital bills, or to provide themselves with income during the period they were unable to work by reason of their disability when their income might otherwise have stopped.



\$864,187.87 went to living policyholders upon the maturity of their endowment insurance or annuity contracts to help them enjoy their sunset years or to provide them with substantial sums to pay for the education of their children or to take advantage of a business opportunity or to provide for the purchase of a new home.

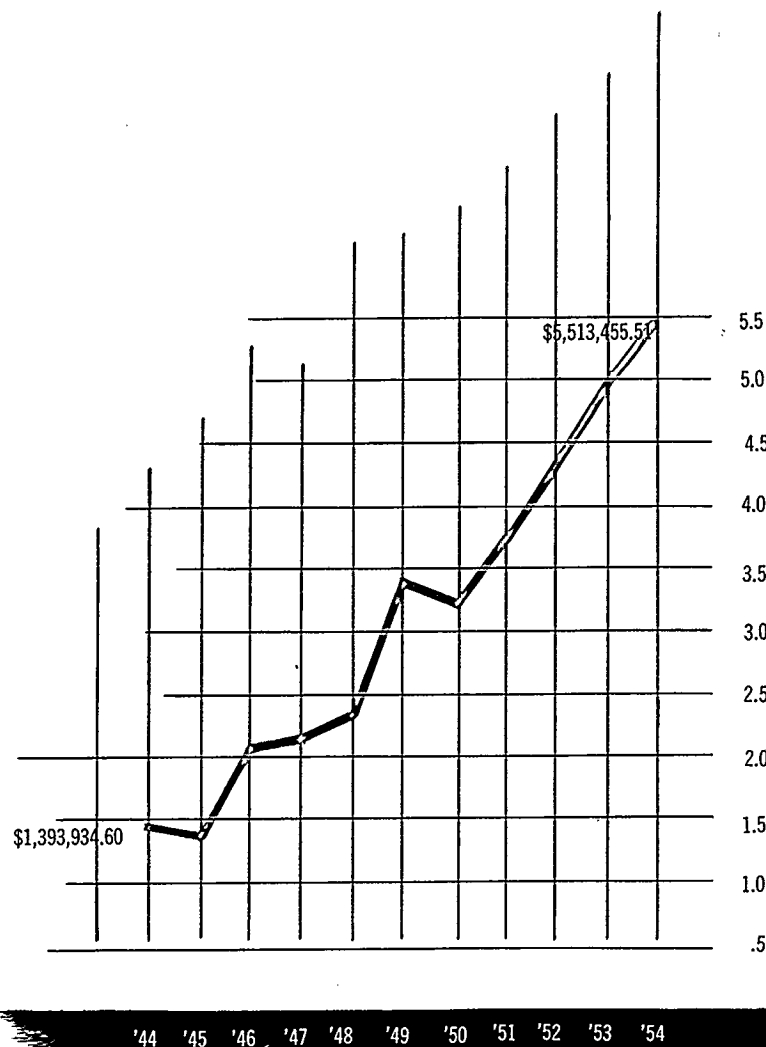


\$1,791,022.55 was paid to living policyholders who found that the policies had served their useful purpose and who therefore withdrew their accumulated values or who, because of some emergency in their private lives, needed funds promptly and did not wish to borrow.



Then \$5,513,455.51 was paid to living policyholders in the form of dividends or refunds—a return they enjoyed on the premiums which they had paid to their mutual enterprise—the General American Life Insurance Company.

# Cost Factors



**Total Dividends and Experience Rating  
Refunds to Policyholders**  
(In millions of dollars)

Most everyone knows what a life insurance premium is. It is the price the policyholder pays for his insurance protection. In a mutual company like General American, the premium is the gross price, because the policyholder may receive dividends which reduce his cost. About 70% of the life insurance in force in America is in mutual companies. The dividends they pay out annually are a substantial sum. In 1954, General American Life paid out in dividends and experience rating credits \$5,513,455.51. Each year this sum has grown.

The premium charged an ordinary life insurance policyholder is based on assumptions as to (1) the rate of interest that will be earned in the future on investments of the company; (2) the future death rate among policyholders, sometimes referred to as expected mortality experience; (3) the expense of doing business, including taxes.

Once fixed, the premium rate on Ordinary insurance purchased at that rate can never be increased. It is therefore extremely important that the assumptions used in computing the premium be conservative. Competition forces them to also be reasonable. Experience has proven that it is difficult to forecast with complete accuracy such factors as interest rates, mortality, taxes, wages and salaries, and the many costs of doing business. The interplay of these factors determines the actual cost to the insured of the protection he buys. In a well-run mutual company, he is, in effect, buying his insurance at cost, with a guaranteed maximum. The guaranteed maximum is the premium he pays. His actual cost is determined by the dividends he receives.

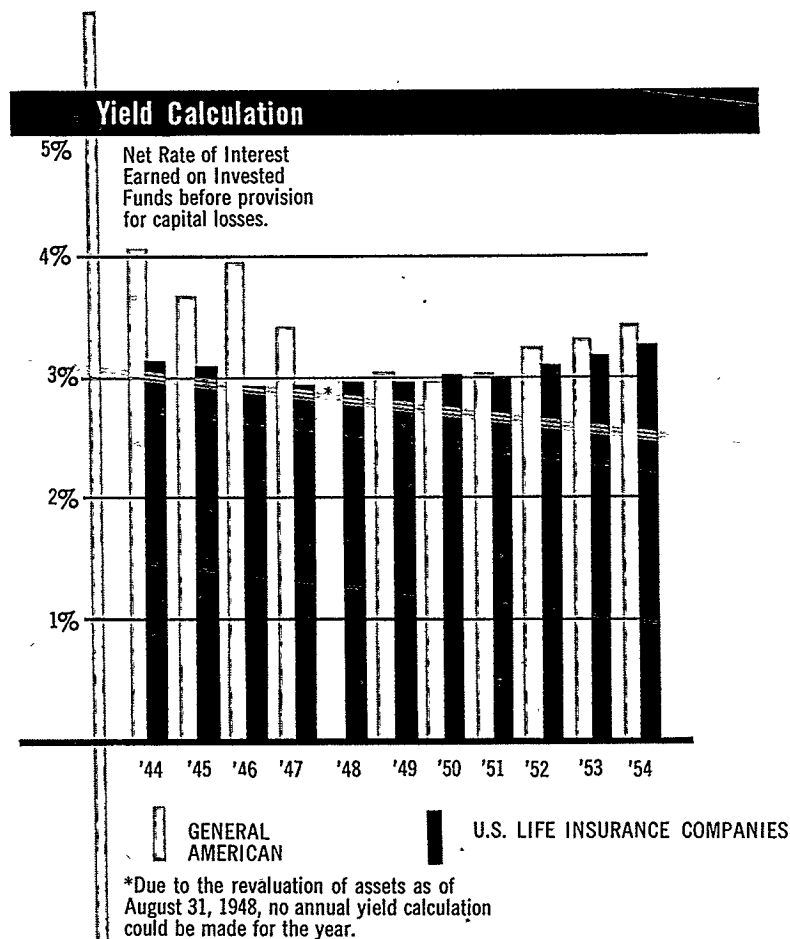
# Interest

The net average yield on invested assets during 1954 was 3.61% before provision for future interest and capital loss and income taxes. Income taxes reduced this yield to 3.38%. Comparable yields in 1953 were 3.51% before income taxes, and 3.27% after taxes. This slight betterment in yield is not expected to continue since current interest rates are lower than those existing throughout 1953 and the early part of 1954. The yield on outstanding high-grade corporate bonds at the end of 1954 was only 1/10 of 1% above the level of January, 1948. The interest rates obtainable on conventional mortgage loans at the end of 1954 were also substantially less than those prevailing during 1953.

Interest rates for the past ten years have been very low in comparison to the 1930's. During that depressed period, insurance companies, including General American Life because of its reinsurance of the former Missouri State Life Insurance Company, came into possession of vast amounts of real estate resulting from foreclosure of defaulted mortgage loans. Pursuant to the laws of Missouri, requiring that such lands be sold within a reasonable time, your Company embarked upon a course of gradual liquidation in order to take advantage of more favorable market conditions as they appeared. Meanwhile, it operated its real estate account so as to realize the maximum return from it. This enabled the Company to enjoy a much higher over-all yield than the "average" company during the early years of the past decade, as is seen in the accompanying graph.

By the end of 1947, practically all of the Company's real estate (except its Home Office building) had been liquidated, and its rate of return dropped close to the level of the business as a whole.

In view of the huge federal debt outstanding, the large requirements for debt service, the difficulty of balancing the federal budget during this period of uneasy peace, increasing income taxes and anticipated fewer mortgage loans in the future, it is not likely that interest rates will go up in the foreseeable future. If the building boom subsides, as it must do eventually, the Company will be forced to invest more and more in corporate bonds at a lower level of interest. This will bring the Company's rate of return in line with the industry average and will have its effect on the net cost of insurance.



After providing 1/4 of 1% for future losses on interest and principal, the net yield of the Company for the past six years has averaged 2.9%



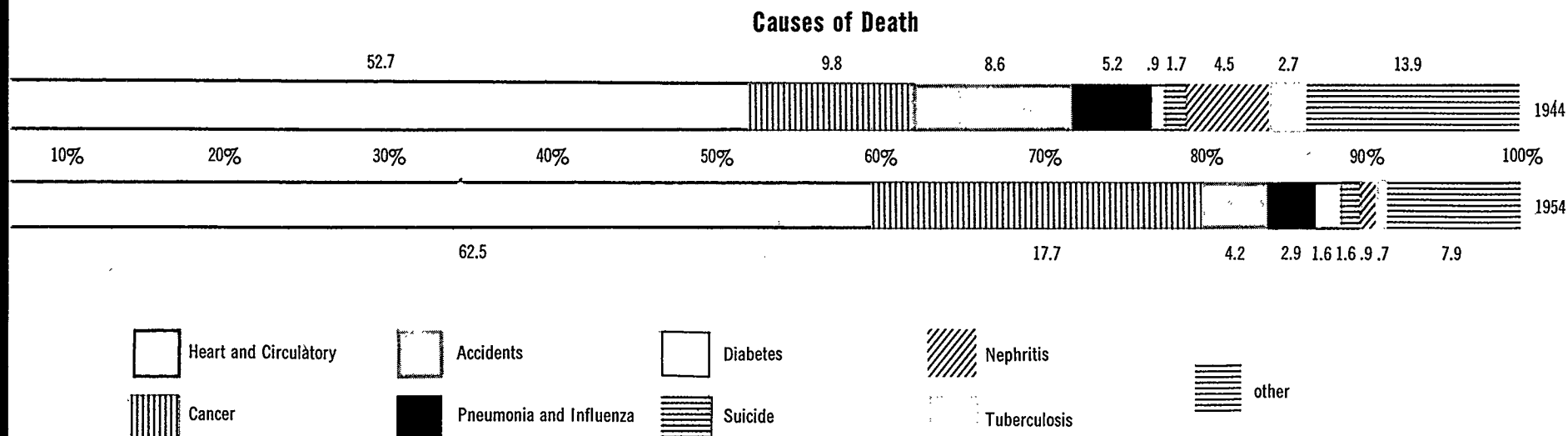
# Mortality

The mortality among General American Life policyholders continues at a favorable rate.

The improvement in mortality in recent years has been in part due to medical advances in the treatment of infectious diseases. We can no longer consider pneumonia, influenza and tuberculosis as major causes of death. The tremendous reduction in infant mortality through improved facilities and techniques in obstetrics, coupled with infectious disease control, has greatly increased the life expectancy of Americans at birth. An average of 14 years has been added to the life span since 1920. The improvement in the life expectancy of females has been particularly marked—17 years. The comparable increase for men is 12 years.

This increase in the number of people who reach adulthood has naturally resulted in the diseases associated with age assuming greater prominence among the causes of death. Among General American policyholders, the principal killers in 1954—cancer (17.7%) and heart disease (62.5%)—together accounted for 80.2% of all deaths compared to 62.5% in 1944.

In an effort to combat the ravages of America's number one killer, the Life Insurance Medical Research Fund was established in 1945. It encourages and finances research on the causes and treatment of diseases of the heart and arteries. Each year since its founding, your Company has contributed to the support of this enterprise.

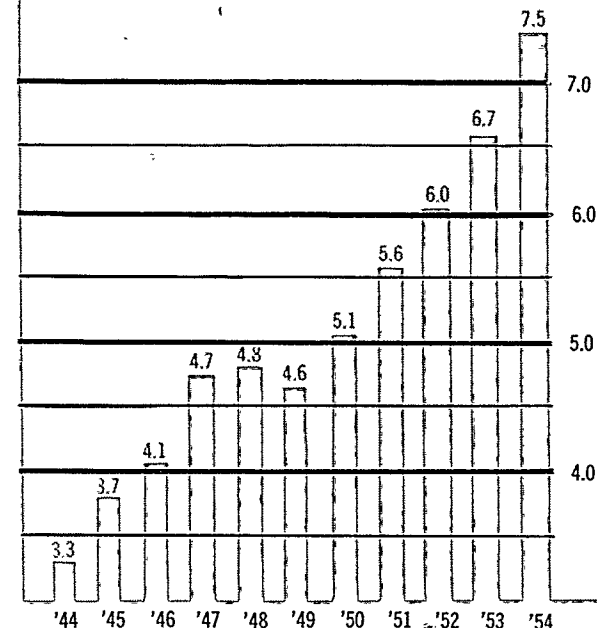


# Expenses

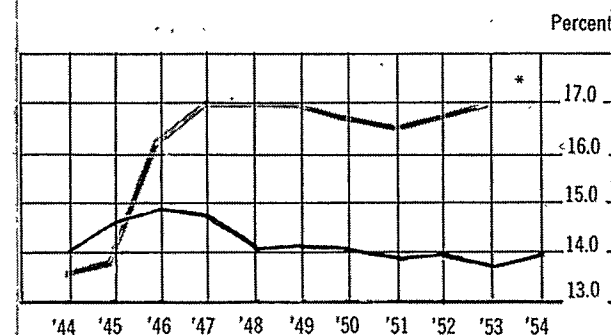
The necessary costs of doing business, operating expenses, are the third major factor influencing the cost of life insurance protection to the policyholder. As our business has grown, as material costs and wage scales have increased, the dollar amount of these expenses has naturally increased. In 1954, such costs amounted to \$7,492,424.61 as compared to \$6,692,895.47 in 1953 and \$3,787,428.78 in 1944.



However, the ratio of operating expenses to income has remained firmly under control at a level substantially below the ratio of the average for all companies. It should be pointed out that expense ratios of different companies are affected by a variety of factors. The relative proportions of ordinary, industrial and group insurance affect it. The kinds of benefits sold, the average size of policy sold, the volume of new business in relation to the volume of old business, the degree of mechanization, and many other considerations influence this ratio. During the past ten years increased sales of group accident and health insurance and the substantial increases in the average size of policies of ordinary insurance have kept our ratio on a favorable basis. Some of the steps your Company has taken and is taking to reduce operating expenses to the lowest possible level are contained in the section of this report on "Administration."

Increase  
in  
Operating  
Expenses  
in  
Millions  
of  
Dollars



Ratio  
of  
Operating  
Expense  
to  
Income  
1944—1954



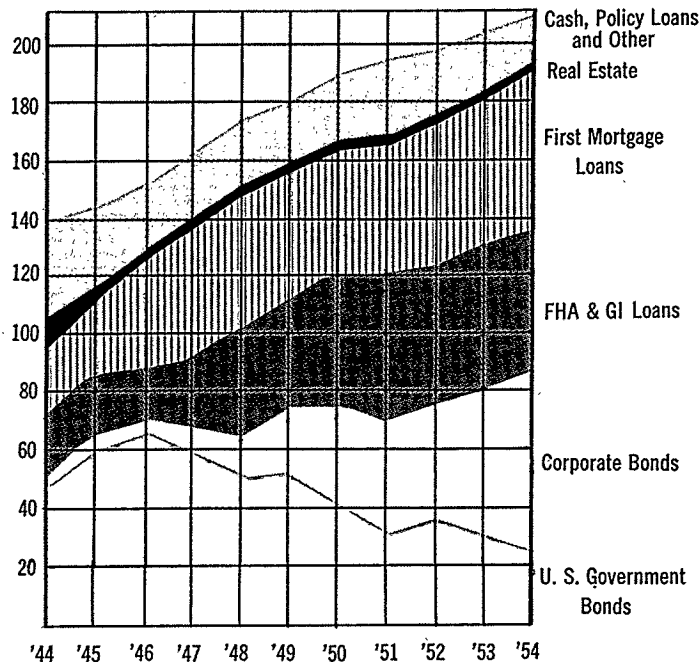
Life Insurance Industry   
General American Life 

\*figures not yet available

# I n v e s t

## Asset Distribution

(In millions of dollars)



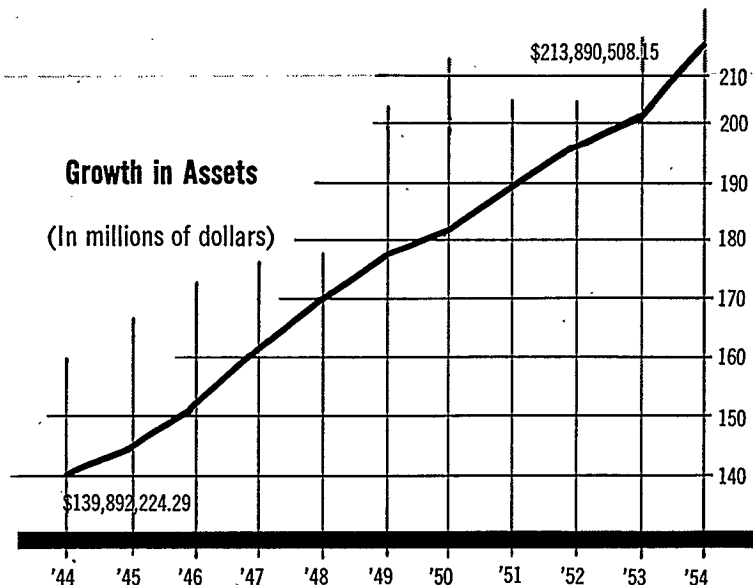
## Pattern of investments.

Total assets on December 31, 1954, amounted to \$213,890,508.15, an increase of \$10,049,617 over 1953, and \$74,000,000 over 1944. These funds are invested principally in United States government bonds, high grade corporate bonds having an average Moody rating of AA, and first mortgage loans on real estate. This has been true for each of the past ten years, but while the categories of investment have remained the same, the proportion of funds which we have invested in these holdings has varied significantly with changing economic conditions from year to year.

These assets are diversified both as to type and geographical location. Their relation to each other and changes in proportions are reflected in the accompanying chart on asset distribution. Notice the heavy concentration of funds in government bonds in 1945, the last year of World War II. The reason was two-fold: the limited supply of private investments, and the nation's need for funds to prosecute the war. With the end of the war, the need of private industry for funds with which to convert to and expand peacetime production, and the great need for long-deferred housing resulted in the opening up of other higher yielding avenues of investment.

## Growth in Assets

(In millions of dollars)

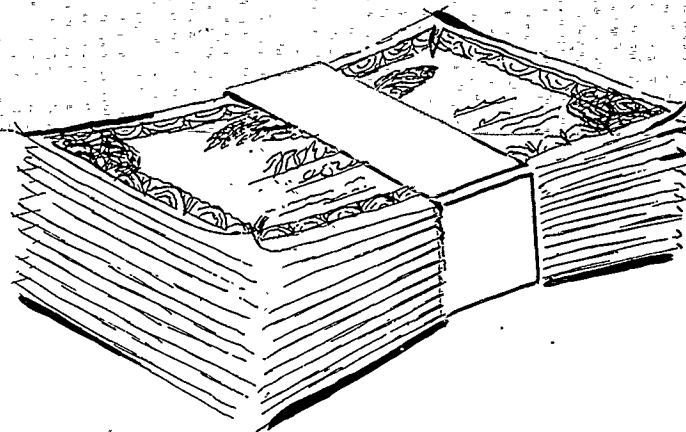


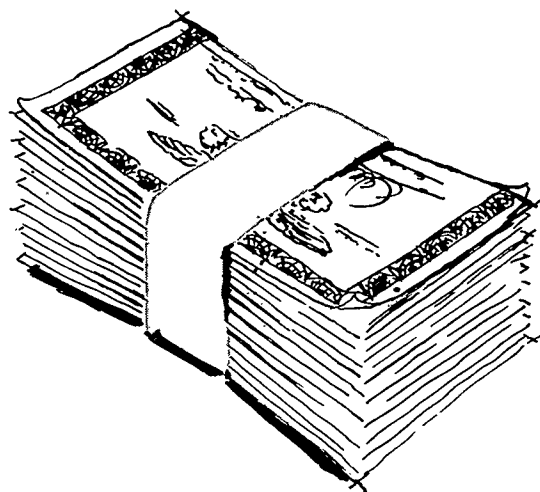
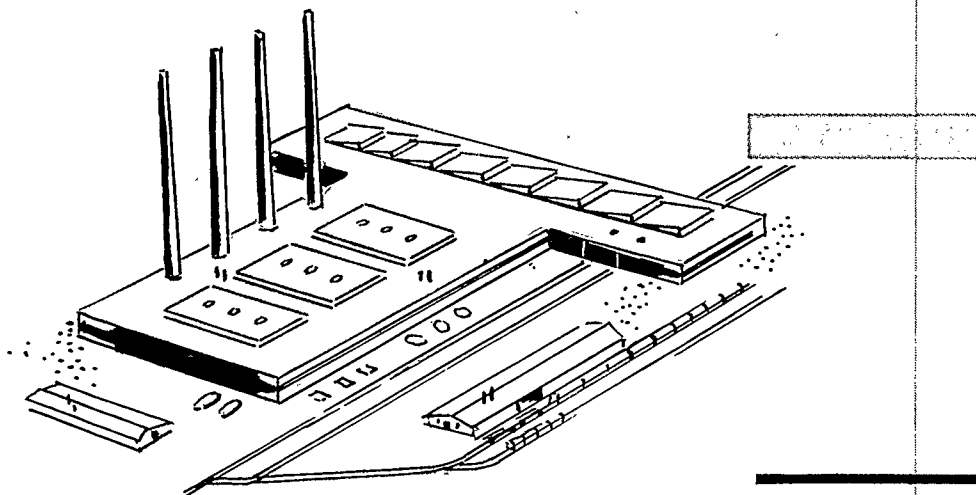
## Cash.

Experience has shown that approximately 3 to 3½ millions of dollars in cash are necessary for our current operating purposes, payment of normal claims, taxes, etc. Therefore cash in banks is held to about \$4,000,000. As of December 31, 1954, cash amounted to \$4,423,368.90 or 2.1% of total assets.

## U. S. Government Bonds.

Obligations of the United States government are owned amounting to \$24,508,774.55 or 11.4% of total assets. While the total held will vary from time to time depending upon the availability of other types of sound investments and the rate of interest afforded by them, a substantial amount of Governments is constantly maintained in the portfolio because of the ease and rapidity with which they can be converted into cash to take advantage of investment opportunities that may present themselves or to meet unexpectedly large policyholder claims arising from sudden, unforeseen catastrophe.





## Corporation Bonds

As of December 31, 1954, our corporate bond account totaled \$60,488,950.09 or 28.3% of total assets. This account consists of bonds of unquestioned caliber, as evidenced by a list of the Company's bond account that may be obtained upon request. The quality of the list averages AA under the well-known Moody's Rating system.

It is axiomatic that the higher the quality, the lower the gross yield on investments. Our investment policy of carrying a relatively high ratio of mortgage loans during this period of easy procurement dictates that the Company's bond portfolio be of the highest quality. Our corporate bond account last year yielded a gross return of 3%.

## Mortgage Loans

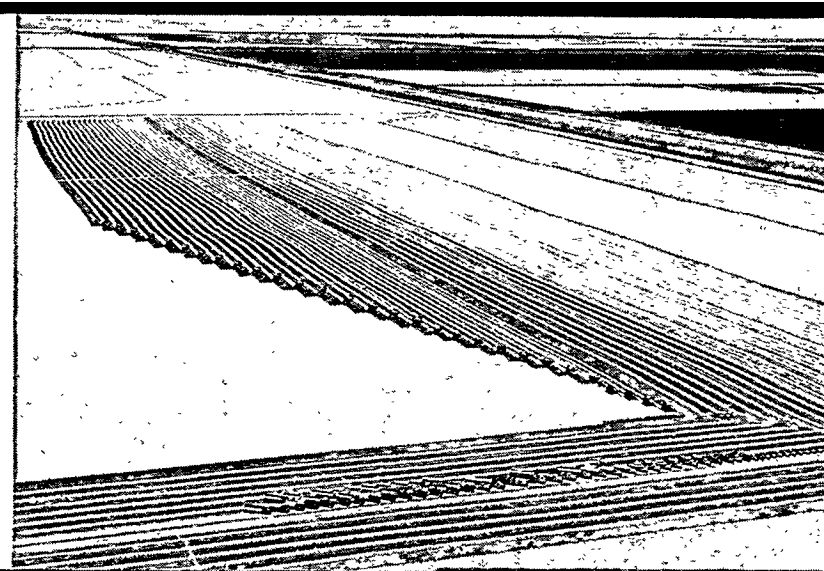
At the present time, mortgage loans constitute the principal investment of the Company. At the year-end, they totaled \$103,404,336.71 or 48.3% of total assets. Since 1947 this has been the largest item in our investment portfolio, reflecting the tremendous volume of new construction that has characterized this period, and our aggressive interest in this type of self-liquidating, relatively high-yielding, highly diversified investment. How long new construction activity will be maintained at its present high level is conjectural. It is for this reason that we have taken full advantage of the sound investment opportunities that have been and are currently being afforded by the mortgage loan field.

The loan account consists of both F.H.A. and V.A. loans, and conventional mortgage loans. \$40,234,676.82 are invested in loans insured by the Federal Housing Administration. \$7,375,617.88 are represented by loans partially or fully guaranteed by the Veterans Administration (G.I. loans). \$55,794,042.01 are conventional loans amounting to no more than  $\frac{2}{3}$  of the fair market value of the property securing them.

Mortgage loans as a whole returned a gross average yield in 1954 of 4.55% as compared to 4.51% in 1953, and 4.71% ten years ago. This is before expenses, taxes and provision for losses. While the Company on its new loans since 1933 has a most favorable record in that only five conventional loans out of 10,412 made since that date have been foreclosed, a continuance of this record is not to be anticipated. Adequate provision has been made for future interest and capital losses by increasing each year the reserve for these purposes by an amount equal to  $\frac{1}{4}$  of 1% of the mean ledger assets adjusted for capital gains and losses.

Your life insurance dollars at General American Life work constantly for the economic well being of the community and the nation. They are secured by first mortgage loans on properties such as these:

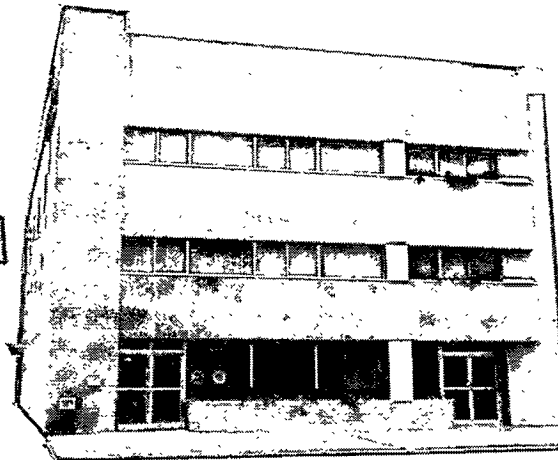
# Investments



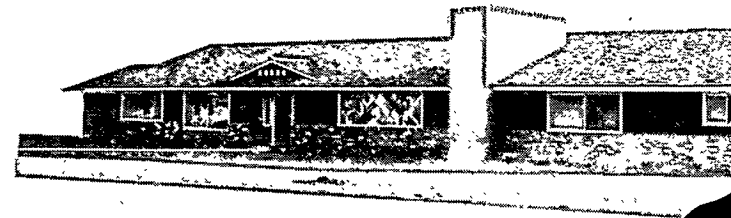
Twenty-nine combines harvesting barley on a ranch in the Tulare Lake Region of California.



A six room residence in Denver, Colorado.

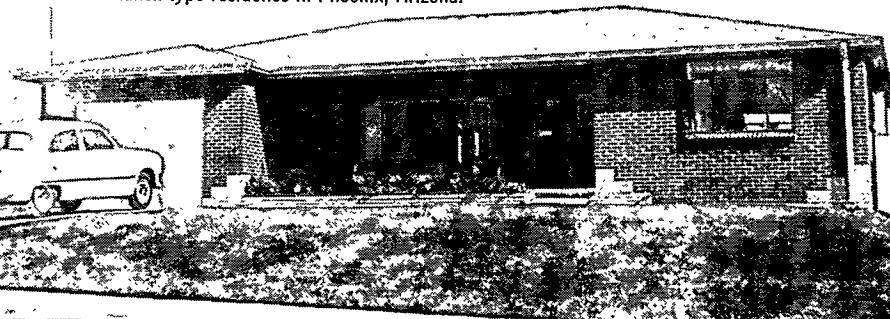


A business property in Los Angeles, California.

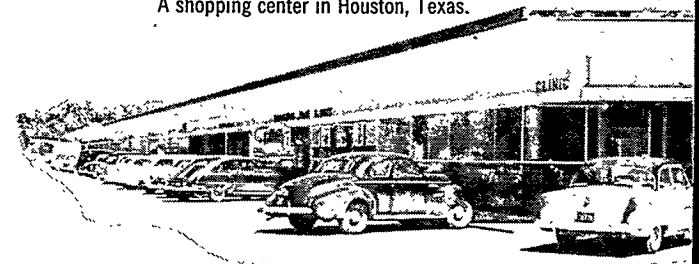


A modern residence in St. Louis, Missouri.

Ranch type residence in Phoenix, Arizona.



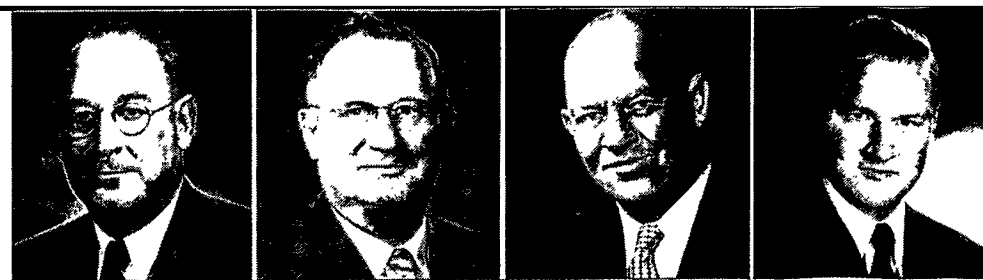
A shopping center in Houston, Texas.



# Directors

Men with  
ability to  
make an  
institution  
grow

Corporations are endowed with both character and personality. That is because corporate affairs are administered by people, people who set the broad policies of the enterprise, establish its philosophy, define its purposes and objectives, and people who execute those policies, who sell the products and provide the services, that those who do business with the corporation have a right to expect. The high character and friendly personality of General American Life originates at the source in the caliber of the men who chart its course—the Board of Directors—all men of exceptional ability, unimpeachable integrity, experience, and judgment, with a deep sense of responsibility.



Sidney W. Souers  
Chairman of the Board  
St. Louis, Mo.

C. R. Anthony  
Chairman and President  
C. R. Anthony Company  
Oklahoma City, Oklahoma

Edwin M. Clark, President  
Southwestern Bell Tel. Co.  
St. Louis, Mo.

Preston Estep, President  
Transit Casualty Company  
St. Louis, Mo.

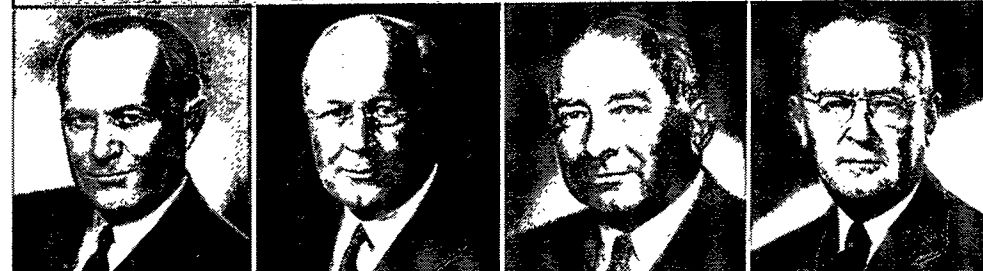


James M. Kemper, Chairman  
Commerce Trust Company  
Kansas City, Mo.

Harry H. Langenberg, Pres.  
Langenberg Bros. Grain Co.  
St. Louis, Mo.

Sidney Maestre, Chairman  
Mercantile Trust Company  
St. Louis, Mo.

J. W. McAfee, President  
Union Electric Co. of Mo.  
St. Louis, Mo.



William A. McDonnell, Pres.  
First Nat'l Bank of St. Louis  
St. Louis, Mo.

Tom A. Smith, Chairman  
Boatmen's National Bank  
St. Louis, Mo.

E. J. Spiegel, President  
Gaylord Container Corp.  
St. Louis, Mo.

Hugh Stephens, President  
Board of Curators  
Stephens College  
Columbia, Mo.



John S. Swift, Chairman  
John S. Swift Company, Inc.  
St. Louis, Mo.

John L. Wilson, Vice Pres.  
Anheuser-Busch, Inc.  
St. Louis, Mo.

Howard H. Young, President  
American Zinc  
Lead & Smelting Co.  
St. Louis, Mo.

Samuel D. Young, President  
El Paso National Bank  
El Paso, Texas

## ADVISORY COUNCIL

L. RAY CARTER, Chairman  
St. Louis, Mo.

## EXECUTIVE COMMITTEE

# Division Heads



Emil E. Brill,  
Vice-President



Otto J. Burian,  
Vice-President and Actuary



J. G. Driscoll,  
Vice-President



Stanley M. Richman,  
Vice-President



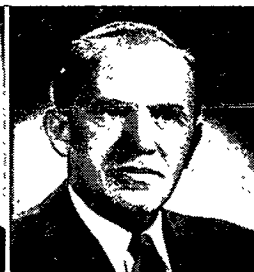
Frank Vesser,  
Vice-President



Frank P. Aschemeyer,  
Vice-President and  
General Counsel



Henry F. Chadeayne,  
Treasurer



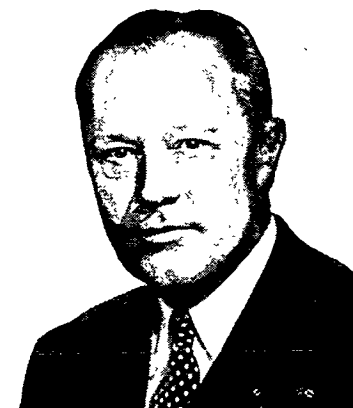
Harry F. Rollett,  
Secretary



Victor F. Bachle,  
Acting Comptroller

# Officers

General American Life officers are men of broad experience in life insurance company management, dedicated to the welfare of the Company and its policyholders—hard-working, highly trained, able. They are active in community affairs. Through their executive leadership they contribute to the character and personality of General American Life.



\*Powell B. McHaney  
President

## OFFICERS

Sidney W. Souers,  
*Chairman of the Board*  
Powell B. McHaney, *President*

## INSURANCE ADMINISTRATION DIVISION

Otto J. Burian,  
*Vice-President and Actuary*  
Edward L. Faith, *Associate Actuary*

Douglas Wood, *Manager*  
*Ordinary Life Underwriting*

Elmer A. Jungclauss,  
*Manager, Policy Issue*

## GENERAL ADMINISTRATION

John S. Masterson, *Planning Officer*  
Thomas E. Ashcraft, *Auditor*

## ORDINARY LIFE DIVISION

Frank Vesser, *Vice-President*

C. E. Fritzsche,  
*Director of Agency Training*

Eugene V. Boisauhin, *Agencies*  
*Supervisor, Eastern Division*

Anthony Gatzert, *Agency Secretary*

Carl H. Lane, *Agencies Supervisor*  
*Western Division*

## PERSONAL ACCIDENT AND SICKNESS DEPARTMENT

Oliver Siegmund,  
*Assistant Secretary and Manager*

## MEDICAL DEPARTMENT

James H. Ready, M. D.,  
*Medical Director*

G. F. Rendleman, M. D.,  
*Assistant Medical Director*

## ACCOUNTING DIVISION

Victor F. Bachle, *Acting Comptroller*

Edgar W. Baseler,  
*Associate Comptroller*

Alfred D. Froning, *Manager*  
*Group Accounting*

Samuel C. Boggess, Jr., *Manager*  
*Budget and Purchasing*

Roland Aegerter,  
*Manager, Tabulating*

Howard A. Sanders, *Manager*  
*General Accounting*

Burt H. Fehlig, *Acting Manager*  
*Investment Accounting*

## INVESTMENT DIVISION

J. G. Driscoll, *Vice-President*

Daniel Upthegrove, Jr., *Manager*  
*Bond Investments*

Paul K. Justus, *Manager*  
*Farm Real Estate*

## TREASURER'S DEPARTMENT

Henry F. Chadeayne, *Treasurer*

## PUBLIC AND PERSONNEL RELATIONS DIVISION

Stanley M. Richman, *Vice-President*

A. William Evans, *Manager*  
*Advertising and Publicity*

Samuel F. Doty, *Manager*  
*Home Office Building*

## LAW DIVISION

Frank P. Aschemeyer, *Vice-Pres.*  
*and General Counsel*

Paul G. Ochterbeck,  
*Associate General Counsel*

Joseph E. Jacques, *Tax Officer*

Fred H. Rodofeld, *Acting Manager*  
*Ordinary Life Claims*

A. J. Bockwinkel, *Manager*  
*Group and Accident*  
*and Sickness Claims*

## SECRETARY'S DIVISION

Harry F. Rollett, *Secretary*

Lynn Kennedy, *Manager*  
*Service Department*



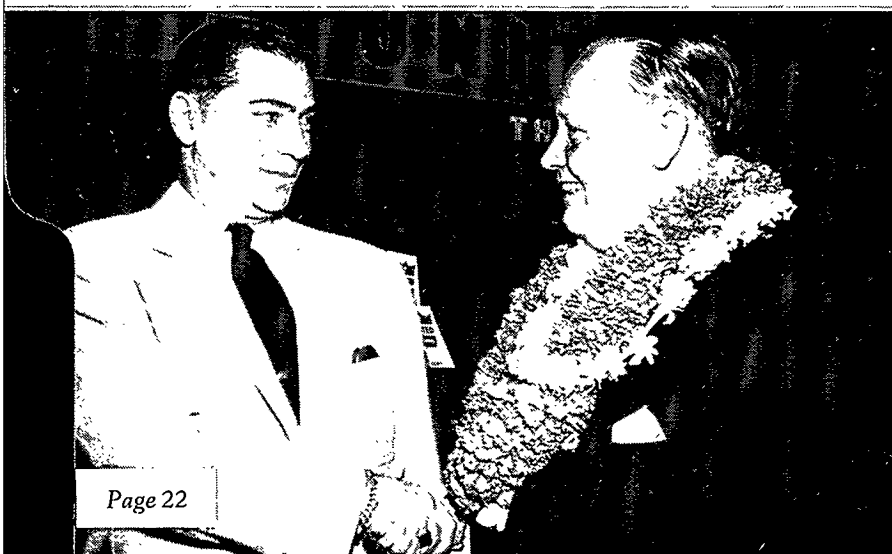


Mr. Adam Rosenthal, whose agency won the President's Million Dollar Cup for the best all-around million dollar agency in 1954. Both quantity and quality of business are considered to determine the winner.

Mr. Richard Strauss, of Des Moines, whose agency won the Agency Achievement Cup for ranking highest in agency development and performance during the past year.



The home of the Kamaaina Agencies, General American Life's new agency office in Honolulu, Hawaii.



"Robert" Styne, Honolulu general agent, greets Mr. McHaney in traditional Hawaiian fashion.

## Field Organization

To you, the policyholder and to the public at large, General American Life is the "man in the field"—the sales representative. Day in and day out, throughout the 36 states and territories in which the Company operates, he meets the public face-to-face as he points out to them the part that life insurance can and should play in their financial planning. To them his character and personality becomes General American Life's. All of these men—and some women, too—make up the "field force" of the Company numbering 343 full time representatives and several hundred part-time agents and brokers.

In 1954 the Company established ten new general agencies operating under the Lifetime Security Franchise program. Included among them were four of the principal cities of the United States—Atlanta, Georgia; San Francisco, California; Miami, Florida; and Honolulu, Hawaii. In certain of the larger cities, the Company operates under the "multiple-agency" system providing for a number of different agencies headed by district managers. Their activities are coordinated by salaried supervisors reporting directly to the Home Office.



Mr. Francis B. Perdue, 1954 Recruit of the Year. A trainee in our four year Agency Management Training Program, Mr. Perdue, in his first year in the life insurance business, produced \$553,301 of business—more than any other first year agent.



Some of the new sales training aids developed in 1954.



One of 5 Regional Sales Conferences which were held during 1954.

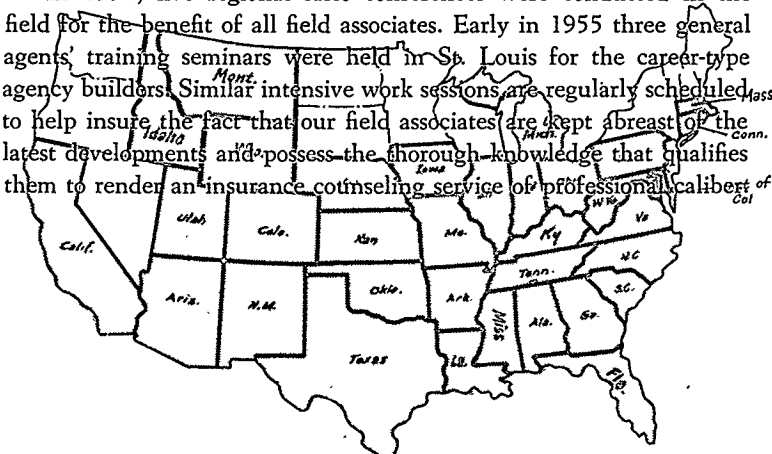
A few years ago, anticipating the rapid growth of life insurance sales and all forms of group insurance, the Company inaugurated a unique step-by-step training program for college graduates designed to develop the career-type general agent and professionally trained group insurance-field specialist. The option of determining the course of his career lies with the trainee after a certain length of time. In the early stages of the course all receive the same intensive training. Since the exact nature of the training and work is spelled out in detail for each year of the course (7 years for general agents, 4 for group representatives) together with the specific salary adjustments that may be expected, the program is called "The Charted Career Program." It has been termed by a number of college placement officers as the soundest, most comprehensive, specific and appealing offered in the life insurance business.

For the college graduate who has been out of school for several years, there is an abbreviated course (4 years) called the LSF Agency Management Program that leads to a general agency or district manager-ship.

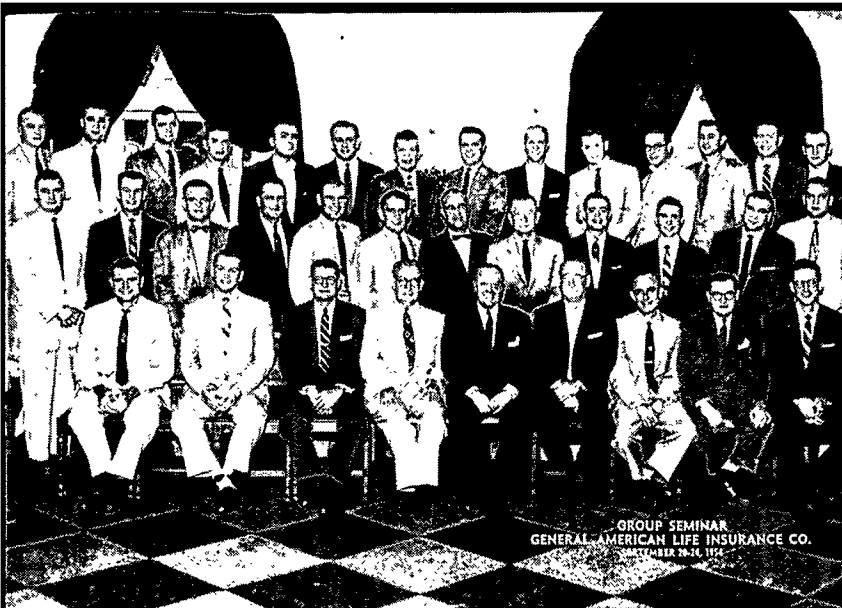
Already there are 37 men who have completed or are undergoing these courses. They have demonstrated the soundness of the programs.

The responsibility of coordinating the recruiting, training, and sales programs of the Company's agencies rests with the Ordinary Life Division. This division includes territorial agency supervisors, a director of education and training, and an agency secretary. In addition to the supervisory manpower, the Company provides the general agents and their representatives with many training and educational tools, many sales aids.

In 1954, five regional sales conferences were conducted in the field for the benefit of all field associates. Early in 1955 three general agents' training seminars were held in St. Louis for the career-type agency builders. Similar intensive work sessions are regularly scheduled to help insure the fact that our field associates are kept abreast of the latest developments and possess the thorough knowledge that qualifies them to render an insurance counseling service of professional caliber of



Map of the General American Life sales territory. Shaded areas show the 36 states and territories in which the Company operates its business. Ten years ago this map would have shown only 25 states.

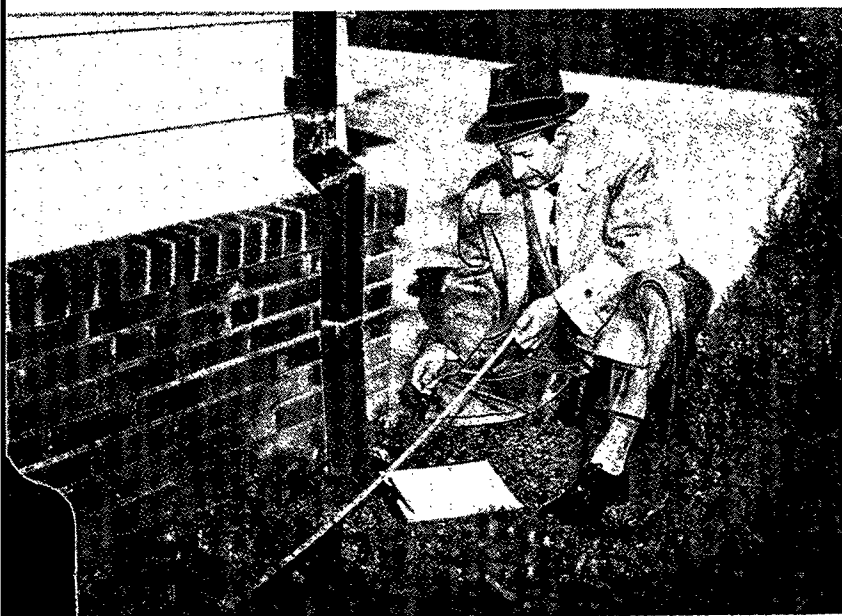


Week long seminars for group representatives help keep them abreast of latest developments.

## Group Field Organizations

The Group Insurance Division directs the staff of qualified, well-trained group field representatives whose function is to assist our field associates and brokers in the sale and servicing of the many different forms of group coverages which we offer to employer-employee organizations. These men, most of whom are Chartered Career graduates, are technical specialists in a highly specialized, competitive field. At present there are 31 such group representatives strategically placed within our operating territory. Ten years ago there were 6.

Also attached to the Group Division are 13 field Claim offices located in various cities throughout the United States which make possible the prompt claim handling and efficient administration of Group insurance. "On-the-ground" service of this type is also rendered by a number of our established general agencies.

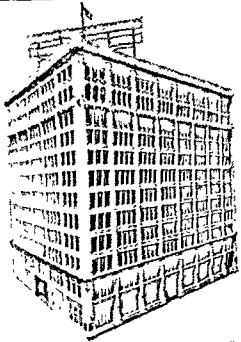


Careful appraisal by General American Life's own staff helps protect the buyer and at the same time determines sound value to justify the company's home loan investments.

## Investment Field Offices

The Company maintains 12 Investment field offices, located at pre-selected points throughout the country. These are under the direction of salaried managers whose duty it is to make and service mortgage loans within their respective territories in accordance with the established investment policies of the Company. This system is somewhat unusual in the life insurance business. Most companies obtain their mortgage loans through mortgage loan correspondents who are paid a commission for acquiring and servicing loans.

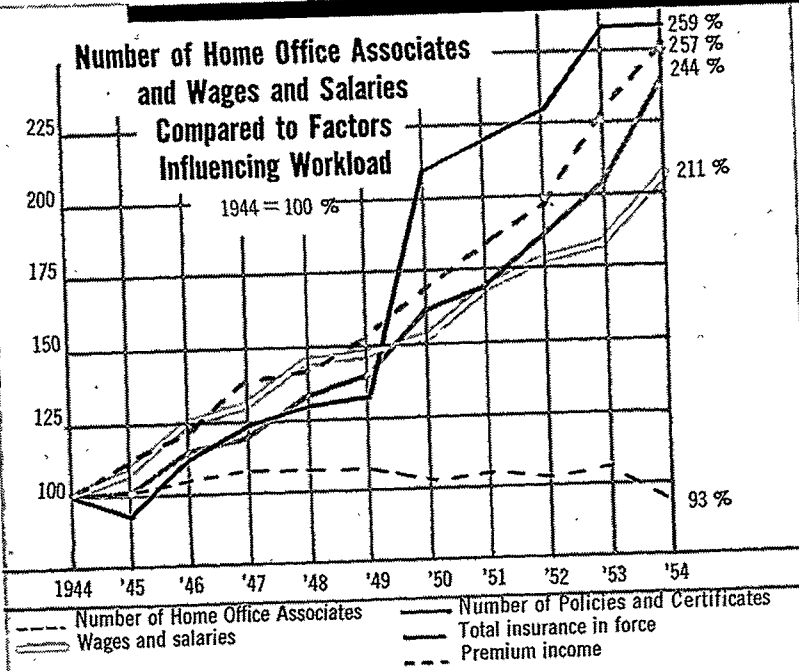
In 1954 our field investment offices closed over \$17,000,000 in new mortgage loans. Of the 14,000 loans on the books at the year-end, only 11 were in default involving principal of \$90,814.25, less than 1/10 of 1%.



# Home Office Administration



Microfilm equipment adds to the efficiency of office procedure at General American Life. In a recent operation, records occupying 460 file drawers were condensed photographically into  $\frac{3}{4}$  of 1 file drawer.



After a year that recorded a growth of \$267,000,000 of life insurance in force, a gain of \$10,000,000 in assets, and substantial increases in the services rendered to policyholders, there are fewer people employed in the Home Office today than there were a year ago. As of December 31, 1944 the Home Office staff consisted of 635 people. Since then our annual Ordinary sales have almost quadrupled, our insurance in force is twice as great, our assets have increased about \$74,000,000, our premium income has more than doubled. Yet as of December 31, 1954, the Home Office staff numbered 593, forty-two fewer people than ten years ago. This amazing comparison demonstrates the results that can be obtained by increasing the average amount of insurance per policy of ordinary insurance and per certificate of group insurance and by the adoption of certain streamlined methods and mechanized procedures. In the life insurance business, in times of rising wages, retirement benefits and increased material costs, it is necessary to constantly strive to increase both the amount of insurance per transaction and the number of transactions handled by each person. In this way only can the well-managed life insurance company meet the higher wage standards set by a highly competitive labor market. Premiums on ordinary insurance policies cannot be raised. From a competitive standpoint it is difficult to raise the net premium costs on desirable group insurance policies. Therefore, while the Company must pay higher wages, it must strive to avoid hiring additional people if possible. Although the number of personnel has actually decreased, both the amount of insurance per transaction and the ratio of transactions handled per person have increased. This has permitted wages to be raised and the installation of a retirement plan. The total wages paid in 1954 was more than double that of 1944.

Results such as recorded in this report would have been impossible without the cooperation and support of a loyal and able organization. They could not be achieved in an atmosphere of strife and conflict. Harmony and friendliness are the characteristics that all of us seek to strengthen in the General American Life family. In a business that by its nature makes use of the services of many young women, with consequent sizable turnover resulting from the demands of domesticity, over 40% of the Home Office staff have service records of ten years or longer.

To create harmony in business, as in personal life, understanding, mutual respect, and fairness are required. This is but another way of describing what the language of business refers to as "progressive personnel policies." At General American Life, a revised job classification system has been in effect for the past four years. It classifies jobs

according to their elements and thus insures uniform treatment for the same skills wherever they are practiced in the Company. Central administration of a job control system makes it possible to avoid over-staffing in one department while under-staffing in another. Likewise, salary administration with semi-annual evaluation of job performance is centralized so that as far as humanly possible each person is paid fairly and according to his merit. Frequent surveys of the salaries paid for comparable jobs by other lines of business and by other life insurance companies help keep our wage ranges at a fair level.

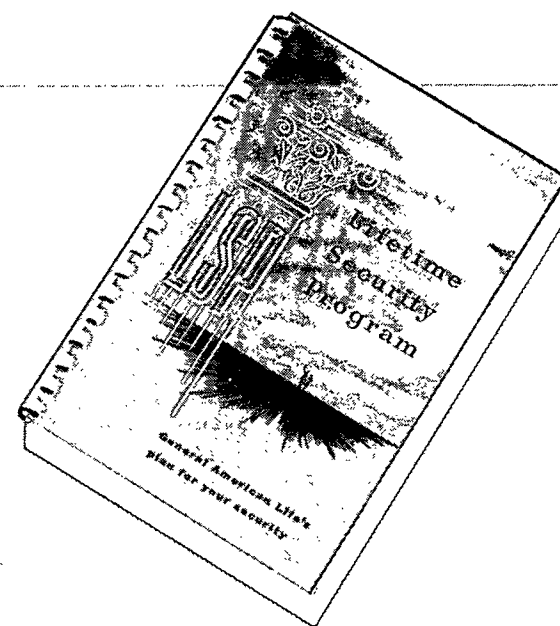
As of July 1, 1954, the Company adopted a Lifetime Security Program for its salaried associates, to correspond to the Lifetime Security Franchise program of its field associates. A contributory plan, it gives credit for past service and is integrated with Social Security.



Santa Claus hands a surprise package to little Sandra Barbareck at the annual Christmas Party for children and grandchildren of associates.



Upon his retirement, his associates give inveterate rabbit hunter, Robert Jackson, a live beagle (which he named General).



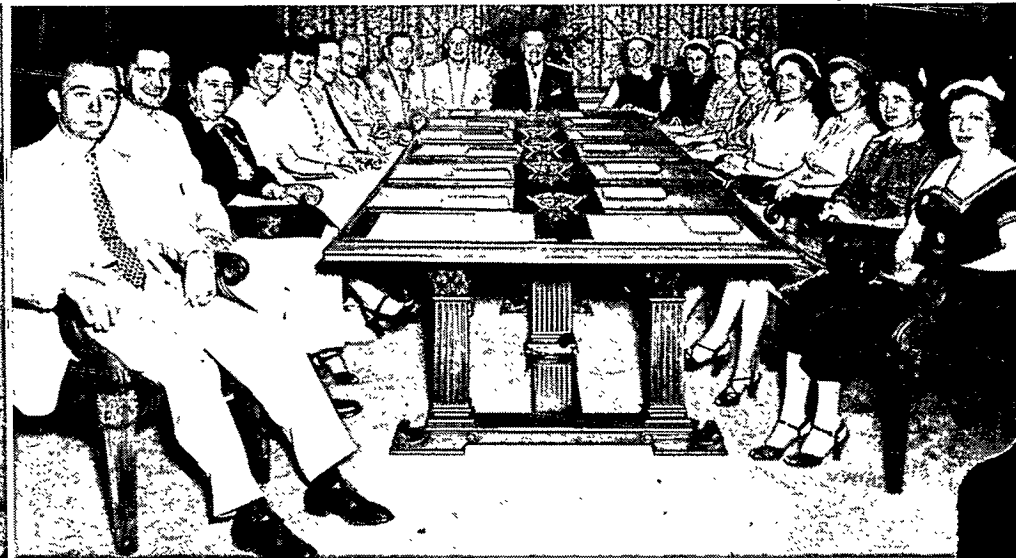
Salaried associates benefit from the company's Lifetime Security Program... a contributory retirement plan that is integrated with Social Security.

# Home Office

Full participation in the counsels of management are provided at all levels through advisory committees. Promotion-from-within is a reality at General American Life. The "open-door" policy helps each person to realize that his is a direct participation in its affairs. Orientation courses, Life Office Management study courses, subsidized educational and self-improvement programs, supervisory training classes, all foster the concept that there is a genuine interest in the well-being and the progress of each individual who contributes his fair share to the progress of the Company.



Working associates participate in after-hours activities through such organizations as the General American Girls' Softball Team.



The Employees' Advisory Council advises the president regularly on company practices. The rotating membership represents a cross-section of the home office staff.

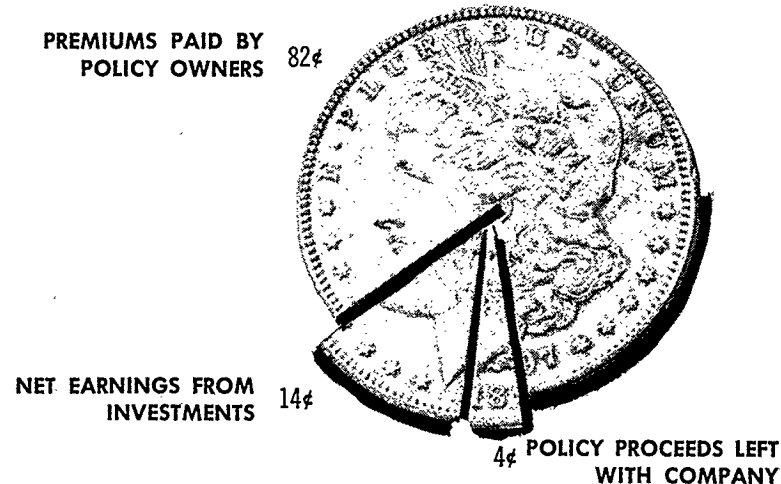
# Income and Disbursements

(Accrual Basis)

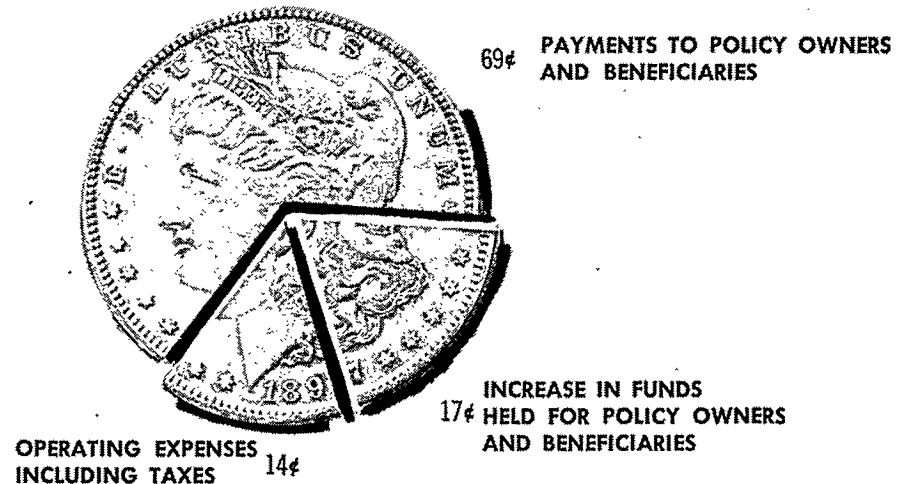
## Income

	1954	1944
Premiums were the major source of income	\$43,338,684.58	\$16,862,338.48
Some policy payments are left with, or returned to, the company	2,173,615.98	1,094,113.45
Investment income	8,283,358.97	6,670,138.19
Profits realized on sales or liquidation of assets	348,314.77	1,257,912.99
<b>TOTAL</b>	<b>\$54,143,974.30</b>	<b>\$25,884,503.11</b>

## WHERE THE MONEY CAME FROM



## WHERE THE MONEY WENT



## Expenditures and Changes in Reserves and Surplus Funds

	1954	1944
Policy benefits were the major disbursement	\$29,198,242.00	\$12,910,959.29
Funds left on deposit benefited their owners	1,947,446.45	926,694.32
Taxes consumed a sizable portion of income	1,300,649.65	809,801.79
Operating expenses	7,492,424.61	3,785,208.12
Some sales and adjustment of values of assets resulted in losses	8,346.86	574,168.12
	<u>\$39,947,109.57</u>	<u>\$19,006,831.64</u>
TOTAL	<u>\$14,196,864.73</u>	<u>\$ 6,877,671.47</u>

## Reserve for Protection of Policyholders Increased

Policy reserves increased	\$ 5,572,954.37	\$ 3,286,881.63
Reserve for optional settlements on certain Ordinary policies not yet matured increased	60,391.38	None
Group mass hazard and excess morbidity reserve increased	504,611.00	138,444.00
Reserve for mortality fluctuation increased	554,355.00	None
Reserve for fluctuation in asset values increased	732,732.00	None
Contingency reserve for lien reductions and reserve for future contract performance increased	None	1,618,892.32
Provision for funding past service annuities under Company's retirement plan	303,951.54	None
TOTAL	<u>\$ 7,728,995.29</u>	<u>\$ 5,044,217.95</u>
Net gain before dividends and experience rating credit premium refunds to policyholders	6,467,869.44	1,833,453.52
Dividends and experience rating credit premium refunds to policyholders	5,513,455.51	1,523,944.60
Net gain after dividends and experience rating credit refunds to policyholders	954,413.93	309,508.92
Earnings applied to retirement of stock mutualization	None	307,278.90
INCREASE IN SURPLUS	954,413.93	2,230.02
Surplus beginning of year	7,743,686.37	1,808,905.23
Surplus end of year	<u>\$ 8,698,100.30</u>	<u>\$ 1,811,135.25</u>



# Financial Statement

ASSETS	December 31, 1954	December 31, 1944
CASH ON HAND AND IN BANKS	\$ 4,423,368.90 (2.1%)	\$ 7,783,883.34 (5.6%)
BONDS: U. S. Government	\$24,508,774.55	\$46,875,928.08
Other Bonds	60,488,950.09	5,313,153.27
TOTAL BONDS	84,997,724.64 (39.7%)	52,189,081.35 (37.2%)
MORTGAGE LOANS:		
First Mortgage Loans on Real Estate	55,794,042.01	23,710,789.44
F. H. A. Loans	40,234,676.82	21,500,197.73
Loans Guaranteed by Veterans' Administration	7,375,617.88	None
TOTAL MORTGAGE LOANS	103,404,336.71 (48.3%)	45,210,987.17 (32.3%)
HOME OFFICE BUILDING AND OTHER REAL ESTATE	2,118,356.38 (1.0%)	8,838,120.13 (6.3%)
STOCKS	None	1,113,521.53 (.8%)
INTEREST AND RENTS ACCRUED BUT NOT YET DUE	1,414,171.56 (.7%)	683,523.47 (.5%)
INTEREST AND RENTS DUE (None of which is past due more than 90 Days)	126,843.72 (.1%)	166,522.57 (.1%)
OTHER ASSETS, PRINCIPALLY NET PREMIUMS IN COURSE OF COLLECTION	4,231,489.84 (2.0%)	1,891,264.85 (1.4%)
BALANCE OF INITIAL POLICY LIENS	None	2,772,878.00 (2.0%)
LOANS TO POLICYHOLDERS	13,174,216.40 (6.1%)	19,242,441.88 (13.8%)
TOTAL ASSETS	\$213,890,508.15 (100%)	\$139,892,224.29 (100%)

# General American Life Insurance Company

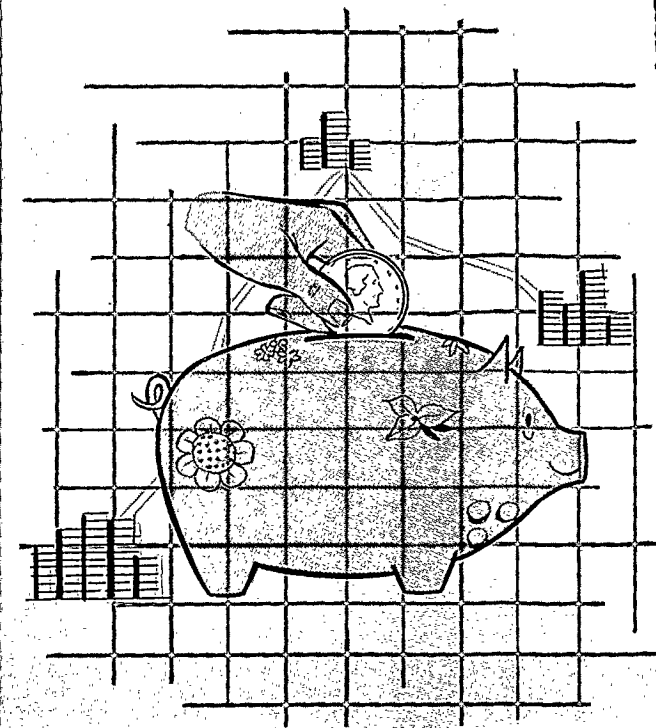
LIABILITIES	December 31, 1954	December 31, 1944
POLICY RESERVES	\$182,897,616.65	\$128,317,978.06
PREMIUMS AND INTEREST PAID IN ADVANCE	1,957,411.93	811,983.52
RESERVED FOR TAXES	1,256,311.55	784,569.42
AMOUNTS HELD IN ESCROW OR FOR GUARANTEE OF CONTRACT PERFORMANCE	3,493,550.48	3,906,709.25
RESERVE FOR ACCOUNTS NOT YET DUE	1,040,627.33	462,200.17
POLICYHOLDERS' DIVIDENDS	5,630,207.91	2,363,183.62
MASS HAZARD RESERVE FOR GROUP INSURANCE	3,770,569.00	934,465.00
RESERVE FOR MORTALITY FLUCTUATION	2,541,687.00	None
RESERVE FOR FLUCTUATION IN ASSET VALUES	2,604,426.00	None
TOTAL	\$205,192,407.85	\$137,581,089.04
CAPITAL STOCK AND GUARANTY FUND	None	500,000.00
SURPLUS	8,698,100.30	1,811,135.25
TOTAL LIABILITIES	\$213,890,508.15	\$139,892,224.29

# Sound provisions for the future

Your company has for a number of years set aside and earmarked reserves to meet foreseeable disbursements of a special nature. In the past, many life insurance companies have built up surpluses to meet any contingencies but more and more life insurance companies today are recognizing that all foreseeable disbursements are liabilities and are adopting the practice of earmarking specific reserves to meet them.

The financial statement of General American Life reflects its precautions in this respect. During 1954 we increased these special reserves by \$1,852,090. Aside from \$8,698,100.30 unallocated surplus which is available to meet unforeseen contingencies, General American Life has provided funds for the specific purposes shown.

The existence of all of these provisions is ample reassurance that however long the promises of General American may extend in the future, they will be fulfilled.



## Reserve for fluctuation in asset values and in mortality.

**\$5,146,113**

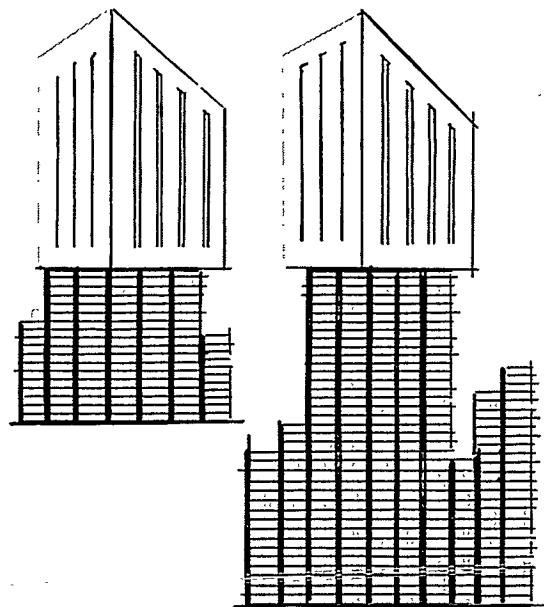
The purpose of this reserve is to provide for capital losses and loss of interest income as investment conditions change. It also serves to offset deficiencies in net investment income below that required to maintain ordinary policy reserves—a condition that may arise (as it has in the past) when interest rates are depressed or large scale defaults occur during periods of depression.

Also included in this reserve is a provision for excess mortality on ordinary policies. In the long history of man, there have always occurred periods of pestilence, war and epidemics which have taken an extra toll of human life. It is, therefore, the part of wisdom and necessity to make provision for such occurrences in the future.

## Mass hazard reserve for group insurance.

**\$3,770,569**

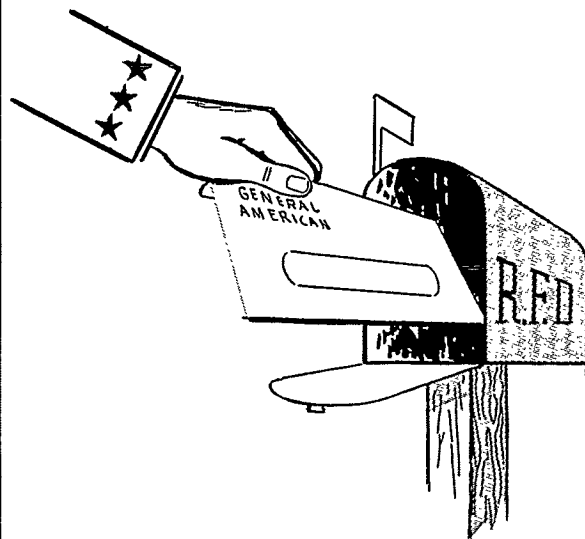
By its very nature, group insurance covering large numbers of people concentrated together is exposed to a catastrophe hazard to a far greater degree than is ordinary life insurance. Explosions in large factories, mine disasters, widespread fire, violent tornadoes, epidemics and many other types of death-dealing disasters can result in multiple fatalities and illnesses among individuals insured under a common group policy. Such an event results in extraordinary loss above and beyond the normal annual expected claim rate as contemplated in the yearly premium charged for such insurance. This reserve is set aside to make ample provision for such extraordinary losses. It is particularly necessary in connection with the operation of a large group account such as your company possesses.



## Regular policy reserves increased.

**\$6,500,000**

It is also pertinent to observe that in 1948 the regular policy reserves on the older policies were reviewed and revalued realistically in the light of anticipated experience based upon current conditions. Original reserves on these policies required the company to earn 3.5%. This original basis was changed so as to require a net earning of 2.9%, thereby strengthening the underlying security of your company.



## Reserve for anticipated losses in connection with policy options.

**\$3,749,121**

Included in the \$182,897,616.65 of policy reserves is the sum of \$3,749,121.00 earmarked as a reserve for the future exercise of policy options. These guaranteed options contained in policies issued long ago provide for guaranteed incomes and annuities based on a rate of interest no longer realizable on choice investments. They fail to take into consideration the improvement in mortality that has been enjoyed by annuitants in recent years. This means that losses will be incurred when such policy options become effective unless provision is made for them.

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# Notice to Policyholders



he General American Life Insurance Company is owned entirely by its policyholders and operated solely in their interests. Policyholders are entitled to vote, either in person or by proxy, at the annual meeting which is held at 9:00 a. m. on the fourth Tuesday of January at the Home Office of the company in St. Louis, Missouri.



